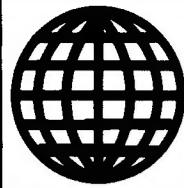


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27 MARCH 1992



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# ***JPRS Report***

## **East Europe**

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# East Europe

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**Security Chief Proda Criticized**

AU2603191392 Tirana REPUBLIKA in Albanian  
19 Mar 92 p 3

[Article by Ylli Rakipi: "What Mr. Veip Proda Says and What He Should Say"]

[Text] The name of one of the most important missionaries of the Albanian Security Service [SSh], Mr. Veip Proda, appeared recently in the Albanian press (the newspaper BASHKIMI). The formula, that under democracy everybody has the right to openly express what he thinks and wishes, as long as he does not express those opinions and experiences that democracy refuses to accept, is already familiar. Considering this fact, the initiative of Mr. Proda is worthy of admiration. Mr. Proda provides an important and long expose of events in Eastern Bloc and Albania and their relations with the Western world in his article in "BASHKIMI" of 12 March revealing, the skill of a dexterous expert and analyst so far unknown. After a thorough analysis, Mr. Proda presents alternatives and outlines the tasks that the Albanian Government and political parties must solve in the coming days.... The SSh's analyst sets out many duties and says many things in this article, but... it seems that he has forgotten that he has another more important duty to carry out before delivering this sermon and before giving advice and instructions to Albania and Albanians: As a student, but also a zealous teacher of the dictatorship, he must confess the monstrous crimes of the SSh to the people. (Of course, this is the part he has known and seen from close up.)

This is the first obligation, Mr. Proda, must have felt in these difficult days Albania is experiencing. As he himself does not remember this, let us try to remind him of some things:

Mr. Proda has been an important and very trustworthy cog in the SShH wheel for 26 successive years. We must exclude a whole decade spent in Belgrade from all this long and tiring work of his. We stress this point to come to another important problem, which continues to remain a mystery even today: The real truth is that after the 2 July events [the influx of refugees into Tirana embassies], when Ramiz Alia had used up Zylfstar Ramizi [former Security official], you Mr. Proda were called from Belgrade and were appointed to the post of the SSh's number one. It seems that the Albanian Party of Labor Central Committee [PPSh] further strengthened its ties of friendship with Belgrade by summoning you from Milosevic's headquarters.

Your devotion to the dictatorship was so great that you were admitted as a candidate member of the PPSh Central Committee in its last plenum after a very short probationary period. This fact testifies once more to the opposition's opinion that hypocrisy was the basis of PPSh's ideology. This fact simultaneously testifies to how "sincerely" the PPSh had taken the democratic

processes. The PPSh was further politicizing the Interior Ministry's departments at a time when it was supposed to depoliticize them.

Let us deal with another fact: RILINDA DEMOKRATIKE published some days ago an article by Neshat Tozaj entitled, "Through the SSh Labyrinths," mentioning a study made by an important person in the former SSh, who suggested to the minister for internal affairs methods, ways, and means to be used to destroy the opposition parties springing up in Albania. Considering that you were the SSh's number one, this study was passed to you, Mr. Veip Proda, to pursue and to further investigate (to be precise, this document is dated 12 December 1990). What was done with this document? Did the SSh work to destroy the opposition? What methods, ways, and means did the SSh resort to? Did the SSh attempt to introduce its people into these parties? Who else could better or more assuredly explain this affair than you, Mr. Proda? Rest assured that by so doing, you could help the people much more than by your studies on ... the East....

If you can remember, Mr. Proda, you held a large meeting with the SSh Department's officials in Elbasan and with the chairmen of southeast area departments in January 1991. Contrary to the macabre and horrible document cited by Neshat Tozaj in his article, the voices of ordinary officers suggested that you should depoliticize the SSh, dissolve the PPSh committees still functioning in the SSh, separate the SSh from the Ministry of Interior, and put the SSh under the president's authority. All this should have been done simply so as not to allow the SSh to influence the 31 March elections. Do you remember that meeting, Mr. Proda? On the one hand, the bureaucratic caste was sounding its alarm to you, and on the other, you could hear the honest voices of ordinary SSh officers. Choosing between two alternatives you, Mr. Proda, chose and decided on the first. How could you behave otherwise?!... The last words you said in that meeting were: "I can not betray my party...!" This is the truth of all truths. You did not betray your party for a single day. This is what you, Mr. Proda, must write about: You are responsible for exodus, for the blood of martyrs of Shkoder, for hundreds of young boys who remained dangling on the wire at the border, and... who knows what else?!... I will say what else, Mr. Proda, because you have done only evil to this people.

After confessing to the above-mentioned crimes, if you have time, you can present yourself as a specialist on European policy and... an ardent lover of the national question.

At present, you work as director of scientific studies in the National Intelligence Service, which some say is starting to become a genuinely democratic institution. This must be true as long as you, Mr. Proda, are there.

**Prospects for Arms Industry Conversion**

*92BA0638A Bonn WEHRTECHNIK in German No 2, Feb 92 pp 49-51*

[Article by Dimitur Dimitrov and Eberhard Drechsel: "Bulgaria's Arms Industry in Transition: Problems of Conversion and Diversification"—first paragraph is WEHRTECHNIK introduction]

[Text] The arms industry in the former planned-economy countries faces far more difficult problems in converting to a peacetime economy than does the arms industry in the countries in which its share of the total economy is smaller and where it is accustomed to relying on market conditions. The authors, who have relevant experience in the planned economy, are Doctor of Economic Sciences Dimitur Dimitrov, of the University for World and National Economics in Sofia, and Professor of Sciences Eberhard Drechsel, project manager at the Research Institute for Military Economics and Applied Conversion in Berlin.

The Bulgarian arms industry, just as the economy of the country as a whole, finds itself in a deep crisis. Before the upheavals in the fall of 1989, it, along with the reexport of Soviet oil and an extreme exploitation of agriculture, was, for a long time, probably one of the main supports of the relative prosperity of the totalitarian Bulgarian regime. Until now there have been practically no reliable publications on its development. It was one of the few islands of apparent prosperity in Bulgaria. Always in a state of development and expansion, the remuneration of labor and social privileges for the employees were rather high in this area and the markets seemed to guarantee permanently good prospects.

The only demand of the state was more and more production, without thereby paying any attention to dependencies on raw materials and production outlays and without giving any thought to future developments.

The upheavals and the steps toward disarmament in Europe have fundamentally changed and drastically aggravated the situation for Bulgarian arms production. Today it faces a double objective: For one thing, it must attempt to convert its great capacities under the constraints of the decline in demand without being prepared to do so. For another, this inherently extremely complex process is simultaneously to be linked with a change in the fundamental economic system and the transition from the centrally planned economy to a market economy, a process that is also linked with many risks for the enterprises. There is scarcely any experience in this connection. Also, these tasks are to be handled in a political and economic environment that heretofore has hardly permitted unequivocal solutions. This environment includes above all the general and deep economic recession. If one compares, for example, the production figures from the spring of 1991 with those of 1989, the physical production of goods in industry has declined by about 32 to 33 percent. Here one can also name the country's external debt of more than \$11 billion, the

tremendous political conflicts surrounding the further development of the country after the decline of CEMA, a poor work ethic, and other factors.

These processes are intensified by the economic dependence of technologies on the importation of raw materials and supplies primarily from the now disintegrating Soviet Union. All of this greatly complicates the transition from the production of arms to civilian production in Bulgaria and represents a threat to the existence of many enterprises. Meanwhile, the real dilemma for the further development of arms production and its conversion is found in the lack of a defined national military doctrine or national guidelines for the security policy of Bulgaria under the aspect of its place in southeastern Europe after the dissolution of the Warsaw Pact. Without such a definition, it is very difficult for clear-cut processes to develop for the transition from military to civilian production. Characteristic for Bulgaria today is the fact that this transition is an objective result of the political, economic, and social change and heretofore has not been the result of a well-founded policy guiding this process.

**The Bulgarian Military Doctrine Is the Subject of Controversy**

As everyone knows, there are many connections between the military doctrine of a country and arms conversion. That is true for Bulgaria as well.

There have been significant substantive changes in the understanding of national security and the related military doctrine in recent years.

In the years after World War II, until the end of the 1980's, national security—in the military sense of the word—was viewed almost exclusively as the defense of the territorial integrity and sovereignty of a country against an external enemy. It took 40 to 45 years to come to the idea that the security of a country can no longer be based on military power, just as war in our time ought under no circumstances to be seen any longer as a means to achieve political objectives. Only gradually did it become clear that national security can be guaranteed only on the basis of the prosperity and economic strength of a country as well as on the basis of close and varied relations of all kinds with near and distant countries.

The military doctrine in Bulgaria basically had to be subjected to changes adapted to the objective development process in Europe. Bulgaria actually had no national military doctrine of its own prior to the disintegration of the Warsaw Pact. The price that it had to pay for the guarantees against a possible danger of war was too high.

In the last two years, however, the situation has changed fundamentally. After the annulment of the military clauses of the Warsaw Pact and the termination of the coalition, Bulgaria sees itself called upon to establish and implement a new national military doctrine of its own. In this connection, a number of projects have been

presented by renowned work teams from the Bulgarian Academy of Sciences, from the Defense Ministry, and from political parties, among others. Nevertheless, there is still no officially confirmed binding military doctrine.

#### Search for a New Security Policy

The offered projects reveal two decisive main themes that are presently the subject of controversy.

The first theme proceeds on the basis of a security policy that is based on the country's military neutrality. In this regard, one must consider that the adherents of this concept in all of its variants do not see military neutrality in the sense of a general neutrality at all. On the contrary, they declare themselves in favor of the broadest possible participation and integration of the country into the overall plans for European development and cooperation in the most diverse areas such as economics, politics, culture, ecology, and others. This position is supported, among other things, by the arguments that it is impossible for Bulgaria to develop a substantial military potential in the current economic crisis of uncertain duration.

A second theme is that of integration into NATO structures. Some of the supporters of this theme are of the opinion that the improvement of international relations could be a temporary phenomenon. Since the Warsaw Pact no longer exists, the supporters of this theme see themselves obliged to orient Bulgaria's security policy toward NATO structures.

All of these proposals assume three principles, namely:

- National security in all of its dimensions—state, regional, and global—must be uniform and homogeneous;
- The concept of national security ought to be understood in a broader sense of the term, that is, with a differential weighting of its components (political, military, economic, sociopsychological, ecological, and others);
- National security and the related military doctrine are based on common human standards and principles as well as on the observance of international agreements and legal norms.

Both security concepts are linked with different effects on the production of arms. Whereas the first-named concept would result in a recession in arms production and a stormy development of the conversion process, the second would mean the maintenance of the established defense complex, taking into account, however, the fact that this complex would have to undergo fundamental change in terms of its structure and products, for the previous production occurred primarily under Soviet licenses.

In our opinion, it can probably be assumed that Bulgaria will orient itself toward a military doctrine operating under the reasonable principle of adequate defense. That

would mean that in view of the size of the armaments the problems of arms conversion would appear in full force and have to be overcome. As everyone knows, arms conversion involves several sets of problems such as the procurement of new civilian products, the preservation of jobs, the resolution of ecological questions, and others. For its implementation, however, it demands a multilayered and flexible approach by the enterprises to ensure their economic survival in the conversion to the market economy.

#### Bulgaria's Arms Production Enjoyed Privileges From the State

Arms production in past years was guided and managed by a central governmental and party commission. The mechanism for the functioning of arms production looked like this in simplified terms: The individual enterprises received instructions from the state on what, how much, and how to produce. The enterprises developed the necessary production capacities with the help of bank loans.

The primary task was to realize foreign exchange receipts. These rather significant receipts then flowed into several channels. Today, when the arms enterprises need these receipts for conversion, it must be stated that the state has long used them for other purposes. The new interest policy of the Bulgarian Government (the interest rate for loans has been 54 percent since 21 July 1991) makes the assumption of bank loans for conversion unprofitable and practically impossible.

Because of this special functional mechanism, the development of alternative products or a so-called buffer production for civilian purposes was scarcely dealt with. In some enterprises, production for civilian purposes amounted to as much as about 10 percent. That led to a very narrow specialization of the large industrial combines in arms production. One of the largest economic associations in this area is "Metalkhim" in Sopot. For reasons of the business cycle, it was assigned a number of small unprofitable enterprises with the objective of giving them financial and technological assistance. Other large firms are "Arsenal" in Kazanluk, "Elektron" in Sofia, "Osont" in Sofia, "Pima" in Mikhaylovgrad, "Beta" in Cherven Bryag, "Widia" in Vidin, "Gama" in Gabrovo, "Inkoms" in Sofia, "Raimex" in Sofia, and "Kintex" in Sofia (the last three firms named are foreign trade enterprises).

#### Arming for Export

Other special features of the Bulgarian arms production have been, in particular:

- The close ties with the Soviet arms complex. Most production was under Soviet licenses. It is thereby not without interest that the manufacture of military products was generally at a higher scientific-technical level than for the licensor. That, by the way, is a frequent phenomenon in arms production in the states of the former Warsaw Pact.

—The high degree of dependency on raw materials, supplies, and complementary parts. The share of domestic ferrous metals and complementary parts for important military products amounted to only about 14 to 25 percent in terms of volume and value. There were material shortages for almost every product. To avoid planning arrears, they sometimes used semifinished products of the same material but usually too large, which led to a substantial additional expenditures.

—The large exports of arms.

Until now it has not been well known that the Bulgarian arms production was primarily intended for export and not predominantly to cover the needs of the Bulgarian armed forces. In the time from 1978 through 1988, thanks to favorable market conditions, many new production capacities were created through new building and expansion as well as through modernization. Although the regulations here provided for budget financing, these investments were mostly financed through credits.

In the last two years, there has been an increasing orientation toward the inclusion of civilian products in the output of arms enterprises. The economic efficiency parameters for these developments remain below the level of military goods, however. At the same time, there was an interruption of relations with the Soviet arms industry.

All these factors plus a number of other influences such as, for example, overly large stocks of finished products, uneven utilization of facilities, large inventories of raw materials, and others led to an especially difficult situation in the arms firms. Thus, for example, the credit indebtedness for the building of installations amounted to more than 1.037 billion Bulgarian leva on 31 December 1990 (with a rate of exchange of 10.594 level per German mark [DM] on 16 August 1991). The interest for these credits will amount to about 50 million leva just for 1991.

In 1990, the production of arms firms amounted to about 1.796 billion leva, of which exports to the Soviet Union and the other former socialist countries were about 643 million foreign-exchange leva and exports to other countries about 87.5 million leva.

The marketing programs of the arms firms foresee sales receipts of about 5.898 billion leva; because of changes in the interest system and the introduction of principles of the market economy, however, they expect losses in the range of 650 million leva.

It is an alarming fact that almost all firms of the defense complex (with a few exceptions) must reckon with similar losses. Added to that are the tremendous structural changes and reorganizational measures in connection with the transition to the market economy that are currently in progress in the arms complex. Structures and cooperative relations are being destroyed that were

established with great effort over a period of years. A subjective approach cannot be completely ruled out in such situations. At the same time, an interesting phenomenon can be observed here: Today there is practically no arms firm that is not striving for structural, technological, and organizational independence.

#### The Status of Arms Conversion

The arms firms began the transition to conversion at the beginning of 1989. The government program at that time for conversion, subsequently activated by the Ministry for Industry, Trade, and Services, made its primary objective that of implementing organizational, technological, and economic changes required for the necessary absorption of civilian products. The arms conversion program provides for further developments in certain areas of industry such as machine building and electronics, specifically:

- Machines for the food and semiluxuries industry (bread production, milk processing, canning industry),
- Machines for the textile industry (expansion of the existing production capacities, and incorporation of new kinds of high-speed textile machines and means of automation),
- Machines for agriculture (production of small equipment and agricultural equipment for mountainous terrain),
- Machine tools and processing machinery (under the program, after 1990 they are to begin the manufacture of machine units for water clarification plants, air conditioners, and spare parts and components for power engineering as well as for the requirements of biotechnology, ecology, and other areas),
- Transport machinery (in the near future, provision is made for the accelerated production of a passenger vehicle in cooperation with leading Western firms as well as the production of automotive gas fuel systems),
- Construction machinery (a main direction of development here is the production of concrete centers, bulldozers, and loaders as well as the conversion of tanks to cranes, tractors, bulldozers, firefighting machinery, etc...),
- Laser technology (the program includes the development of laser systems for cutting, drilling, marking, and welding as well as laser systems for medical purposes, laser producers, etc.).

The development of special technological equipment for electronics as well as for medical and firefighting equipment is also foreseen. Moreover, the program provides for an increase in the produced quantities of such articles of mass consumption as televisions, tape recorders and video equipment, microwave ovens, washing machines, etc.

Under the program, the share of civilian items in the total production volume in the arms firms is to increase as follows: from 30.6 percent in 1988 to 65.3 percent in 1990 and 82.6 percent in 1995. Today, however, there are serious voices that speak of the incorrect nature of the conversion. This is based on the following observation: Because of the primarily vertical structure and the high capital intensity of arms production, the expansion of civilian production to 60 percent, for example, means that the existing production capacities will not be utilized to the same extent. For one thing, there are technical reasons for this, including, for example, specially manufactured equipment for arms production. For another, it often happens that for economic reasons not all multipurpose machines are used. All of that has substantial effects on the employment situation.

The current average personnel reduction in the arms enterprises is about 12 percent, while it is very much higher in many enterprises. In addition, the realization of the arms conversion program is in doubt because of insufficient financing.

There is also a lack of more precise calculations on their necessary scope, e.g. data on the costs of introducing new technologies, the training and retraining of employees, or the procurement of raw materials and supplies.

In this connection, consideration must also be given to aspects of a possibly necessary reconversion and the greatly reduced possibilities for the importation of military equipment and armament.

#### Perspectives on the Arms Industry and Arms Conversion

Three possible versions of the further development of Bulgaria's arms industry are conceivable. Their choice depends upon several related factors of a diverse nature that cannot by any means be made dependent upon the notions, wishes, and possibilities of the arms complex.

A first version could formally be taken as the version of the maintenance of the status quo. That would mean that without sharply defined conversion processes military products will retain the largest share of the production volume of the enterprise. This version is hardly tenable for many reasons. Here one can name the competitiveness of the arms products, the loss of markets, the collapse of the existing production and technological relations, the general recession, the lack of state orders, and the absence of the experience and ability to act under radically changed conditions.

A second version, which in our opinion may be possible and realizable, would be the version of moderate conversion measures. That was also confirmed by the U.S. experts invited by the Bulgarian Government. After a thorough investigation of the state and development possibilities of the Bulgarian arms industry, they recommended the course of an arms conversion adapted to the country's economic and national interests. They pointed out that on account of the new political conditions it

would be quite possible to convert a substantial share of the arms production capacities to civilian products. Naturally one must not thereby ignore Bulgaria's geostrategic position in a traditionally unstable region in the Balkans on the boundary between two world religions and two world systems and ways of life. A third version could be designated as the version of accelerated conversion processes. This version has many adherents, primarily the people who, despite other tendencies, are quite optimistic about the economic situation and the business outlook in the arms complex. The extreme defenders of this version tend to propose a development under which in the next one to two years the ratio of arms production to civilian production is to reach 1:10 in the enterprises of the arms complex.

#### Possibilities for Cooperation and Support

In our opinion, there are great possibilities for the development of cooperation of foreign firms with Bulgarian arms enterprises as well as for financial, technological, and organizational assistance from foreign partners. The Bulgarian arms enterprises have a number of advantages that are important for this. They include:

- Very up-to-date equipment with which high-quality competitive products can be produced;
- Highly qualified personnel with solid knowledge and skills;
- An extensive network of trade relations and contacts with the previous trade partners (above all the USSR and Arab countries) that could also be used for civilian products.

Until a few months ago, a hindrance on the way to bringing foreign capital into the country, and not just in the area of the arms industry but in general, was the lack of relevant regulations and legislation.

The Bulgarian National Assembly (the parliament in Bulgaria) established the basis for the protection of foreign investments by passing a number of laws such as the law on foreign investments, the law on trade, etc.

The support that Bulgaria needs today to convert its arms industry would consist above all of financial support as well as assistance in such areas as technology, management, marketing, and personnel management. The extremely low wages in Bulgaria represent a favorable and attractive factor for foreign firms. The average monthly remuneration of a highly qualified specialist in the area of the arms industry was about 900 to 1,000 leva (about DM85-DM95) as of 1 August 1991, whereas that of a university graduate was 1,100 to 1,200 leva (about DM105-DM115).

Several joint ventures have already been established with foreign capital.

In the near future in the enterprises of the newly founded mixed joint-stock company Namko-Bulgaria, for

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example, they will start production of the light passenger car "Ford Pony" and the multipurpose truck "Agrikar."

Today small farm equipment and equipment for small enterprises in the food and semi-luxury industry are being produced with foreign participation. The articles

of mass consumption offered by Bulgarian arms enterprises at the exhibition "Expo '91" in Plovdiv have aroused the interest of numerous firms from Germany, Greece, Turkey, and Israel.

All of these are examples showing that it is worthwhile for foreign investors to seek opportunities for cooperation in the most varied forms with Bulgarian arms enterprises in the course of conversion.

**Ivan Carnogursky Criticizes Communist Resurgence**

92CH0395A Bratislava SLOVENSKY DENNIK  
in Slovak 4 Mar 92 pp 1, 3

[“Text” of speech given by Ivan Carnogursky, first deputy chairman of the Slovak National Council, on 3 March 1992 at the “Democracy and Decommunization in Central Europe” conference in Warsaw: “The Future Belongs to Democracy”—first paragraph is SLOVENSKY DENNIK introduction]

[Text] The two-day international conference “Democracy and Decommunization in Central Europe” ended in Warsaw yesterday. We publish here a contribution presented at the conference by the Slovak representative, Ivan Carnogursky, first deputy chairman of the Slovak National Council.

The delegates to this conference from the Czech Republic will offer the chronology of events leading to the advent of democracy and the fall of communism in Czecho-Slovakia. As a member of the Slovak nation, I am interested in certain aspects which represent a common denominator for Poland and Slovakia. We know that our two peoples, the Poles and the Slovaks, are predominantly Catholic and more religious than other nations in East-Central Europe. We know that the stance of our church and of our believers was the common denominator of resistance to communism in its last years of existence. We experienced communism as a force against personal human rights and religion. We demonstrated our resistance by our pilgrimages to Marian shrines in Poland and in Slovakia in which hundreds of thousands participated. Thus, it should be expected that, as religion used to unite us once in our struggle against communism, it also would help us in the period of decommunization and emerging democracy.

Two years later we have to admit that it is not so in Slovakia where crypto-communism—activity organized by former communist mafias—is more powerful than, for instance, in the Czech Republic, which is less religiously oriented. In the same way, we Slovaks are puzzled that even after several years the Polish people have been unable to establish a powerful Christian democratic movement that would serve as their main credo in the stage of decommunization. What are the reasons?

A typical communist stratagem in our country, particularly after 1968, was to recruit our intelligentsia by hook or crook to serve the communist power. Without the communist party it was not easy to get a child admitted to a high school or university, nor was it possible to write and publish newspapers and books, to engage in scientific endeavors, or to go abroad to study, or to hold a position of responsibility in our economy, science, education, or state administration. Those who would not comply were sidelined. And this method was the reason why a considerable part of our intelligentsia complied and got increasingly ensnared in communist traps.

Resistance in Slovakia was organized by literally a handful of dissidents and there, too, the decisive role was played by the “secret church”—a well organized community of secretly ordained priests, bishops, and exceptionally strong laymen.

Immediately after the first harbingers of the fall of communism in our country I was among the organizers of Christian political counterpressures. With the aid of our priests and parishes, I and my friends issued an appeal to organize a Christian democratic movement. We encountered our first problem when we needed signatures of prominent artists, authors, and scientists for our appeal. I was unsuccessful in approaching writers, painters, and actors. Although it was already in November 1989, they did not have the courage to endorse our appeal. After considerable efforts we gathered seven signatures, and that is how we launched our struggle against communism.

I cannot say that Christians were the only ones who organized the anticommunist movement in Slovakia after November 1989. In fact, for a while the chief fighters were precisely those communists who had been expelled from the party after August 1968, and often the same individuals who in the 1960's had most radically imposed communism on our country. After a few months they deftly re-emerged in various neocommunist groupings as social democrats or democratic socialists in the Obroda [Revival] movement and also as the most radical nationalists in the National Party and even in the leading movement Public Against Violence. Again, the communists were cropping up almost everywhere, and everywhere they began organizing the “emergence of democracy.”

At first, they were on the defensive but before long they advanced to organized aggression. As soon as they realized that democracy is a great thing indeed, and that in democracy nothing will happen to anyone, not even to a communist, Slovak communists launched an attack against former dissidents, the new democratic leaders. If there had been no genuine Bolsheviks implementing Leninist methods in Slovakia before, now we have them. I must admit that the indecisive attitude on the part of the democrats considerably aided the communists.

Mr. Meciar, a former communist and what is more, a functionary of the Slovak Communist Youth League, and after the first free elections, the first prime minister of the Slovak government, promptly initiated a campaign to liquidate his own victorious movement. He launched a head-on attack against the democrats in his party's leadership, against the Christian democratic coalition as well as against the parliament. Although he miscalculated and the democrats succeeded in removing him from the government, an overt alliance was immediately forged by the renamed communist party (Slovak Democratic Left), Meciar's splinter Movement For a Democratic Slovakia, and the radical Slovak National Party. Even the tiny Green Party joined their alliance. Communists of all colors, unite!

At this time Slovakia is facing a very difficult election campaign for decommunization—a struggle with the communists who are artfully fighting for everything they had brutally destroyed and suppressed over the forty years of their rule.

The same people who for forty years systematically ruined our economy and tore it apart are now masquerading as fighters for greater social stability. They are fighting for an independent Slovakia—the same Slovakia they had dragged into an uncertainty of proletarian internationalism for forty years. Moreover, they are fighting for accelerated privatization because they are investing their billions stolen in the past by the government in power into private joint stock companies in order to create more revenues for their operations. Those who have money are paying generously, and former communist journalists receive top salaries from the so-called "independent" daily PRAVDA, for half a century the official publication of the Communist Party. In addition, they have founded other dailies and weeklies, and if anyone in Slovakia's mass media finds it difficult to make a living, it is the democrats. The [communists] demonstrate their aggression quite openly in their continuous attempts to recall members of the government coalition from the presidium of the parliament and even from the government. They move just as openly to block the legislation in both the Slovak and the Federal parliaments.

If we were forced to resort to illegal means in our past struggle against communism, today the democrats use entirely legal methods in their war with the communists. One could say that the real battle for democracy against a masked but well-armed communism has only begun. We are not dispirited because of this battle. We know that the future, even near future, will no longer belong to communism. The intelligentsia which in the past had sold out to it will gradually fall off and lose courage. At present, Slovakia's intelligentsia is trying to find a new face and also its new position, and that no longer under the leadership of a totalitarian party. We are fully aware of this perspective. When it follows this duel, our public may as a rule root for the more aggressive player, but gradually it is learning that our whole nation is involved in this game—and that our nation may once again find itself with a totalitarian leader and under his domination.

In conclusion, permit me to link politics with ideology after all. Christianity is the tie that binds us Slovaks and Poles together. It has guided our state and national life for a millennium.

Throughout West Europe Christianity in the form of Christian democracies was able to attain political and economic stability and to eliminate national passions that until recently seemed irreconcilable. Christianity is the foundation of European unification.

It is evident that we share very similar experience with respect to decommunization. We need to work hand in

hand. We must meet together and set up a joint organized front to defeat once and for all communism that is no longer outside but already inside and among us. The Polish, Czech, Slovak, as well as Hungarian, Croatian, and Slovenian democrats must cooperate in planning a common methodology to strip communism of its positions, its stolen assets, and its demagoguery which it so cunningly uses in its propaganda. We need joint antipropaganda to reveal what the communists practice under new democratic regimes.

There, in my view, this Warsaw conference on decommunization and democracy may be very helpful. I am certain of one thing: That even if it conceals itself under social demagoguery and pseudonationalism, in Slovakia communism cannot win. The future belongs to democracy.

### Officials Describe Intelligence Service

AU2303131592 Prague MLADA FRONTA DNES  
in Czech 19 Mar 92 p 6

[Interview with Internal Intelligence Service Director Stefan Bacinsky and Intelligence Special Controlling Body Chairman Julius Bobovnický by Rostislav Rod; place and date not given: "The Issue of the FIS Remains Unsettled"]

[Text] While a military trial of former State Security leaders continues, a new state secret service is being built. This time, however, it is being done with respect to all rules defined in the law. The CSFR president has appointed Federal Assembly Deputy Stefan Bacinsky director of the FIS [Federal Security Information Service]. Bacinsky answered our questions, and the chairman of the Federal Assembly Special Controlling Body, Dr. Julius Bobovnický, provided his views on the work of the FIS.

[Rod] How would you characterize the present secret service. What good, but also what bad, does it mean, or could it mean, for a citizen?

[Bacinsky] I consider it absolutely necessary that citizens be provided with the best possible explanation of the stipulations enshrined in the Law on the FIS. The passage, for instance, that says of the service that "it obtains, collects, and analyzes information" needs an explanation, and it must be emphasized that as opposed to the abolished State Security, the FIS does not have investigative powers! I believe that the secret service can represent to the public only an advantage and a certain guarantee against what was happening under the former regime, when the StB [State Security] served, and had to serve, the objectives of the chosen few rather than serving the state and the public.

[Rod] Up until now, the FIS has only been discussed in connection with some affair. The public has never heard of its successes....

[Bacinsky] I can be quite definite here. One does not and cannot write about its successes. If we achieve some results, the public can only be informed by the appropriate recipients of our information output (constitutional officials specified by law—author's note). They can also say how satisfied they are with the FIS. Answers to additional questions must be sought from the Special Controlling Body.

[Rod] Your predecessor dismissed the deputy director designate, Jaroslav Basta. How did the affair end? There also is the recent case, reported in the weekly RESPEKT, of FIS employee Michal P. who allegedly carried classified files of persons registered as StB collaborators out of the office. These files in turn served as a source for the Anticommunist Alliance lists [published lists of StB collaborators]. Has the case been solved?

[Bacinsky] The deputy affair has been solved. The Czech Government proposed a candidate, and I appointed him to the post the same day the government resolution was delivered. (The deputy director is Zdenek Vodslon—author's note.) According to the statute, he now is my first deputy. The Michal P. case is currently being dealt with by FIS inspectors, and the public will be informed of the outcome of the investigation of the alleged leaking of information. It is not possible to comment on the case and on the level of its veracity.

[Rod] Although you were officially appointed secret service director only on 1 January 1992, you have studied the complex work of the FIS since last December. How do your expectations differ from the reality?

[Bacinsky] My expectations do not differ much from my current views. The reality, or my perception of it, is such that foundations were made for a service as required by the law. For the future, I see priority in management at all levels, with feedback of course.

[Rod] It is rumored that before the president appointed you, you had to assume some obligations and promise that you would follow certain unwritten rules. To what extent is this true?

[Bacinsky] No such thing has ever happened. There is no truth to this "information." I do not like the phrase "it is rumored," and consider it a form of dodging responsibility.

[Rod] How decisive, according to you, is the role of drawing information from the press?

[Bacinsky] By no means is the drawing of information from the so-called open media of primary importance in the operation of the service. It is useful, however, to supplement information obtained from other sources.

[Rod] Do you use an agent network?

[Bacinsky] The use of persons working to benefit the intelligence service is detailed in the Law on the FIS. I

would add that information provided by some "pencil-pushers" on the utilization of the network of the former StB is nonsense!

[Rod] To what extent are you forced to depend on the professionalism of the former StB members?

[Bacinsky] The extent of utilization of their expertise is minute. I must add, however, that these agents work responsibly and loyally, and that they are of great benefit to the service. None of them worked with the State Security in the area of the "internal enemy." Moreover, I would like to add, the public knows very little of the structure and the operation of the former StB, and it does not differentiate between members of individual administrations of the StB—SNB [National Security Corps] and even less between those in operations and those in the office. This level of information automatically leads to a negative relation to everything branded StB. My sources tell me that the former agency is more harmful to this state than the professionals we are using.

[Rod] How concerned are you with the protection of the economy?

[Bacinsky] The question is professionally not acceptable.

[Rod] What is your motivation for the work in the FIS?

[Bacinsky] As the title of the service indicates, we provide an important service for constitutional officials and appropriate state bodies to the extent specified by the law. This provides my motivation.

[Rod] In your opinion, how does the FIS carry out the tasks assigned to it by the "customers" specified by the law?

[Bobovnicky] The service should primarily work "to order." The practice is completely different. The constitutional bodies specified in the law most often do not request any reports.... Thus, it is done differently. The FIS leadership submits parcels of problems, discusses them with some leading state officials, and receives their so-to-say blessing for this or that operation. The result is a report that is also distributed to other bodies. Thus, it is legally sound! Nonetheless, a majority of intelligence operations are conducted on the FIS's own initiative.

We also see problems in the preference of the service for some tasks assigned to it by law. On the other hand, we believe, for example, that it underestimates information important for the protection of the economic state's interests. The Federal Government and other constitutional bodies should agree on a definition of the so-called political subversion, so that the FIS does not have to engage in "underhanded" operations and that everything is done in the spirit of the law.

[Rod] You have repeatedly implied in the press that some unconstitutional elements are attempting to interfere in the work of the service....

[Bobovnicky] I do not mean any self-appointed people or officials, but rather people who have the constitutional authority. This authority, however, does not directly translate to having to be involved with the FIS. Thus, I do not believe it right when these people interfere with the operation of the service, or if this operation directly depends on how they interpret to the FIS the opinion of the legally appointed official. In the opinion of the Controlling Body, the secret service has not yet become completely independent. It is improper that some bodies of the Federal Interior Ministry know practically everything about the operation of the FIS. If this continues, it could happen that the service would operate according to someone's dictate, and in this way, it would not be an information body of the state, but rather of someone else!

[Rod] Is the Special Controlling Body aware of the affair reported in the weekly RESPEKT? Classified files of people registered as StB collaborators have allegedly been removed from the FIS....

[Bobovnicky] We have asked the service for a statement. It is, however, only very general. The FIS admits that it was not a leak from the Federal Assembly's Commission Investigating the 17 November events or from the Special Controlling Body, but directly from the service. We do not know the details. We believe, however, that the leak continues.

#### Doubts About Slovakia's Boundaries Dispelled

92CH0392A Bratislava SLOBODNY PIATOK in Slovak  
6 Mar 92 p 6

[Article by Igor Cibula: "The Specter of the Trianon Pact; Stability of Its Northern Borders Is Important for Hungary"]

[Text] Two weeks ago the Romanian Ministry of Foreign Affairs addressed to Budapest a protest note in which it expressed its "profound distress" over statements made by certain members of the Hungarian Government. The diplomatic protest referred to the comments by the State Secretary Geza Entza in an interview with the daily MAGYAR HIRLAP, including an appeal to the governments of its neighboring states to follow Hungary's example and establish bureaus for national minorities affairs. Above all, however, it referred to statements made at a public assembly of the Hungarian Democratic Forum in Miskolc by Defense Minister Lajos Fur who declared that "the defense of the entire Hungarian nation in the Carpathian Valley constitutes an indivisible part of safeguarding its national security." The chief of the armed forces in the Hungarian Government—by civilian occupation a historian—went so far in his exposition that Laszlo Nagy, the deputy chairman of the Slovak National Council and the chairman of the Hungarian Civic Party, had to brand his views in public as harmful for good neighborly relations between the CSFR and Hungary. Subsequently, a disclaimer from Budapest mitigated the minister's statements with the explanation

that the MTI press agency had distorted them by quoting them out of the context of his address in Miskolc. Despite all official assurances that the Hungarian Government does not encourage territorial claims against its neighbor states, it is precisely for the reasons stated in the Romanian protest note that in Czechoslovakia suspicions continue unabated about Hungary's ambivalent and therefore also conflicting interests in revising the Pact of Trianon which confirmed the breakup of Hungary and the surrender of parts of its territory to Yugoslavia, Romania, Czechoslovakia, and Austria. As a matter of fact, the Trianon Pact is repeatedly questioned, and arguments are presented to the Hungarian public about "the more than 3.5 million ethnic Hungarians living in the neighboring countries where they encounter prejudice, discrimination and often face even the danger of death," as Prime Minister Jozsef Antal stated in an interview published in the daily INTERNATIONAL HERALD TRIBUNE on 23 January of this year. Not so long ago historian Ignac Romsics was the first researcher from East Europe on a grant from the Soros Foundation to study in American archives documents of the State Department concerning U.S. policies vis-a-vis Hungary during the 1942-47 period. Already in November 1990 the journal VALOSAG published his scientific paper; on the basis of information gained during his study trip in the United States, he analyzes in it views and ideas about Hungary's postwar situation and about the outcome of its territorial disputes with its neighbor states as viewed by a team of experts from the U.S. Department of State. Although to some people it may seem that this is just a case of dusting off in archives some papers yellowed with age, we must pay attention to their content in order to realize why Budapest considered it so timely to publish these old documents.

#### Arguments Recovered From Archives

The Hungarian historian studied attentively documents of the Advisory Committee of the Department of State, established by President F.D. Roosevelt in December 1941. Several of them deal also with problems of the Slovak-Hungarian boundaries, and therefore, their contents merit attention, even though the official U.S. diplomacy in its operations disregarded the proposals contained therein, above all the proposal that the postwar Slovak-Hungarian boundaries be drawn in the zone between the borders defined by the Trianon Pact and the 1939 borderline. It proceeded from the premise that as defined by the Trianon Pact of 1920, the Slovak-Hungarian borders are located considerably more to the south than the ethnic dividing line.

#### An Open Wound

That is not the only proof that the Hungarians still feel the historical consequences of the Trianon Pact as an open wound. Therefore, it is hardly surprising that on several occasions the official representatives in Budapest demonstrated interest in the fortunes of the Hungarians living outside the borders of the Hungarian state. According to the statement of Foreign Minister Geza

Jeszensky in the Austrian daily DIE PRESSE of 9 January 1992, the representatives of Hungarian minorities "do not call for separation or a change of the boundaries but for the right to their own culture or tongue. They demand the right to elect their own representatives to local and national representative bodies and parliaments. Autonomy and collective rights mean nothing more and nothing less." In this conjunction we can see the timeliness of the comment by the daily NEPSZABADSAG of January 1991 that "it is not possible to get involved in fruitless and harmful ethnic disputes" in neighboring countries "because no one wants to accept Hungarian policies stemming from feelings of national injustice. In that respect the world has not changed." Assumptions on the part of Hungary that it may be threatened by its neighbors—greatly emphasized especially in conjunction with activities of the Hungarian minority in Slovakia—are based primarily on unfortunate historical experiences. They completely ignore the fact that Budapest should fear much greater potential danger from Romania, and especially Yugoslavia, whose armed forces have the capacity for offensive deployment. Precisely from that point of view "stability of its northern borders is very important for Hungary," in the words of the Hungarian Ambassador to Czechoslovakia Gyorgy Varga who also underscored that "stability of its southern borders is just as much in Czechoslovakia's—and particularly Slovakia's—interest. That is predicated on sincere attitudes, without prejudice and national convulsions, and on genuine cooperation. An essential precondition for that is peaceful openness: One partner cannot lecture the other partner about what a decent European state should be like."

#### Orientation to Germany

At this time the Hungarians are focusing their aspirations in Europe on membership in the European communities, and counting in particular on assistance from Germany, which Budapest regards as its patron. When a delegation of the Foreign Committee of the Hungarian parliament recently visited Bonn, the Hungarian deputies concluded that Germany favored the idea that Hungary, Czechoslovakia, and Poland should not be considered together for admission to the European Community, and that after the ratification process for its associate membership is concluded, Hungary should apply for admission as a regular member of that integrated organization. In view of such an outlook, it cannot be presumed that there are any politicians in responsible positions to be found in Budapest who would miss such an opportunity because of the "ghosts from the Trianon Palace." Observations by Hungarian representatives seem to imply that Prague—as well as Bratislava—should realize that Hungary is trying to establish privileged relations with Germany. In his interview with the daily SUDDEUTSCHE ZEITUNG back in May of 1991 President Arpad Goncz mentioned that the Hungarians would prefer to see "an integrated market where German capital will play a major role" in the area of Central

Europe. He underscored not only the powerful influence of German culture on Hungarian culture, but in addition he noted that "in developing its democratic policies Hungary is receiving all encouraging stimuli precisely from Germany." Foreign observers believe that in this respect such expectations stand a better chance in Hungary than in Czechoslovakia, and particularly in Bohemia, where voices warning against the loss of national identity are increasingly heard.

#### Klepac Discusses His Party's Political Line

92CH0393A Bratislava NOVY SLOVAK in Slovak  
6 Mar 92 p 4

[Interview with Jan Klepac, deputy chairman of the Slovak National Council, by Milan Horcicak; place and date not given: "A Confederative Pill for Prague; Conversation With 'Unruly Man' Jan Klepac of the Christian Democratic Movement"—first paragraph is NOVY SLOVAK introduction]

[Text] Tomorrow an emergency meeting of the KDH [Christian Democratic Movement] Council in Bratislava will definitely put an end to the existence of the united Christian Democratic Movement. The so-called radical wing, which has gathered around Jan Klepac and which promotes thoroughly political line of Christian democracy, will split from Jan Carnogursky's moderate faction. The new political formation which appears on our political scene three months before the elections will attempt to revive the timorous national feeling of Slovak Christians and all democratically minded citizens.

[Horcicak] Mr. Klepac, what do you regard as the breaking point in the process of differentiation in the KDH?

[Klepac] The KDH was the first one to propose a state treaty between the Czech Republic and the Slovak Republic. That was based on our decisions in the KDH's councils, congresses and key documents of our movement. Problems started when the Czech side declared that it would neither accept nor allow anything of that sort. Certain differences date back to that time. The faction of the movement around Jan Carnogursky said that gradual steps should be taken in order to "guarantee" Slovakia greater stability. We interpreted such gradual steps as gradual concessions, and we set for ourselves a limit which we simply would not cross. Every political party or movement that constantly shifts the borderlines of its program will sooner or later betray its own goals.

[Horcicak] The original KDH failed to unite Slovak citizens on both a Christian and a national basis. This was confirmed already by the first results of the free elections as well as by the steadily declining interest in the KDH on the scale of public opinion polls. What is your movement planning to do in this respect?

[Klepac] Many of our critics say that we are breaking apart the unity of Christians in Slovakia. Of course, that

is quite incorrect because the latest census in the spring of 1991 determined that in Slovakia nearly 75 percent of citizens were believers, but less than 20 percent voted for the KDH. That movement no longer has a monopoly on believers, which I think is quite right, though the disproportion is stunning. The KHD simply failed to address the majority of believers and to gain their trust. It probably did not succeed because it would very often waffle even on fundamental issues. Politics may be an art of compromise and a competition of political views, but every entity must maintain certain fundamental limits in political life, otherwise it will lose its credibility. And that is precisely what did happen with the KDH. Our Slovak Christian Democratic Movement [SKDH] intends to address all citizens of Slovakia and members of the KDH who are disgusted with its current policies, who have left the movement, or who remain doubtful.

[Horcicak] According to an official report from the KDH's emergency Executive Council, you maintain some kind of a coalition with the initial movement. Will this circumstance tie your hands in forging real coalitions with other political bodies?

[Klepac] I should like to emphasize that the KDH is transforming itself into a coalition formed by two independent entities. With the organization of a new entity—the Slovak Christian Democratic Movement—all those sharing the SKDH platform will remain in the government and in the parliament. We realize that otherwise the political situation in Slovakia could be destabilized three months before the elections. The term "coalition formation" of both entities in the KDH should reflect this very reality. Nevertheless, this circumstance is not binding. Our new political body—and I say this bluntly—is powerful enough to permit us to participate in the election campaign as an independent political force. It still is too premature to discuss any postelection coalitions.

[Horcicak] Could you give us a sketch of your political line in the election campaign, and outline the SKDH's orientation on the Slovak political scene?

[Klepac] Our constitutional congress which will be held probably in Zvolen toward the end of March will adopt the election program. I am convinced that in that period Slovakia must complete the process of its political self-realization. Slovakia must enter further negotiations with the Czech political representation as a sovereign subject. I think that the confederation would be the optimum arrangement of our mutual constitutional relations. I regard any looser ties based on real union or dual statehood as half-way measures that to me look as more efforts to pussyfoot around our main problems. In view of the 2:1 asymmetry which the current federation represents, I do not believe in any possibility that Slovakia may gain real equality, parity, and therefore, either a mutual agreement will be reached with the Czech side about transforming our state into a confederation, or we will have to take the road of creating two independent states. Only that will open the opportunity to seek ways

to our further coexistence. However, should the Czech side refuse to transform our common state into the confederation, we would not stand in the way to a referendum by which Slovak citizens will be able to express their decision openly, potentially even for an independent Slovak Republic. In our program we shall promote full economic sovereignty for Slovakia, in other words, not only responsibility for its economy but also for economic mechanisms which must be in the hands of the Slovak government. We shall enforce the principle that all revenues created on Slovakia's territory be also used on its territory. We are convinced that there is no need for Slovakia to depend on subsidies from the Czech lands. In our economic program we intend to put emphasis on a plan for development, stress budgetary policies rather than reactive policies, and to outline a program for Slovakia's economic restructuring, and a program of openness to the world. However, we shall never depart from the platform of the Christian Democratic and Christian Socialist Parties with which we have excellent contacts all over Europe. On the contrary, we want to use them to promote more forcefully Slovakia's interests in the world and to create a true image of Slovakia abroad.

[Horcicak] The KDH has gradually lost sympathies abroad even among Slovak exiles. There, too, the SKDH has a good chance to regain the trust of our countrymen....

[Klepac] Indeed; we intend to address also the Slovaks abroad whom many of our mass media characterize as jingoistic nationalists, naive political dreamers, and persons who allegedly fail to comprehend our situation in Slovakia. The Slovaks abroad must never again be a dead branch on the tree of our nation. On the contrary, we must make it clear to them that they are an integral part of the Slovak nation, and that we fully count on them when creating a new image of Slovakia. We see plenty of signs that the Slovaks abroad are waiting for such an approach.

#### Mlynar on Left Politics, Klaus, Common State

92CH0391A Bratislava SLOBODNY PIATOK in Slovak  
6 Mar 92 p 3

[Interview with Prof. Zdenek Mlynar, expatriate and Prague Spring politician, by Katerina Perknerova; place and date not given: "The Left on the Move"]

[Text] "The assertion that I committed treason in August 1968 is false. No investigative agencies ever informed me about such an accusation, nor did they interrogate me or asked me anything in this connection. I therefore consider the public accusation of treason by the spokesman of the Federal Ministry of Interior, Fendrych, to be an abuse of his function, aimed at spreading political slander," Zdenek Mlynar wrote in RUDE PRAVO one day after the investigator of the Ministry of Interior branded him, as well as 17 other high CPCZ [Czechoslovak Communist Party] functionaries from

1968, a traitor. The name of the forced exile, chartist, world-renowned intellectual, and political scientist, Prof. Zdenek Mlynar indeed looks like a rose among thorns in the company of names like Vasil Bilak, Milos Jakes, or Viliam Salgovic. But the solution of this mystery is not so difficult. Czech-Slovakia is at the beginning of the election campaign, and Professor Mlynar is one of the best known leftist-thinking personalities on our post-November political stage. In spite of the fact that he is not a member of any party, a deputy, or a state official. But—what if he wanted to become one? What if he wanted to lend his name and intellect to some leftist, noncommunist party? I talked with Professor Mlynar mainly about why the CSFR is what it is two years after the revolution.

[Perknerova] Professor Mlynar, our country is going through a period of ferment, when nothing is given, verified, ascertained. Do you think that in the next post-election period we shall already have a chance to start on the road to stability and prosperity as you know it in your other home, Austria?

[Mlynar] You are right, we are witnesses of a complicated process when everything is in flux.

This is a process that will take a long time, where the fact that everything is in ferment is not the problem. On the contrary, that is inevitable. What would be bad would be to succumb to the illusion that it is not necessary to look for and try various alternatives and possibilities, that there is no need for controversies and possible reversions or revisions. The worst thing would be if the view prevailed that there is only one way to get out of this situation. I am therefore worried most about the fact that in today's extraordinarily complicated period the tendency, which is most typical for the postrevolutionary trauma of a society that for decades has been accustomed to live according to orders from above, is quite markedly on the rise. This is a tendency to wait for the next, even though a differently colored, command and a formula for better "things to come" from above. It is an effort to solve things not on a long-range basis, by discussions and by exploring different alternatives, by trying to ascertain their merits and shortcomings, but quickly and by decision of the authorities with just a different brand name than before.

But a comparison with the stability of Austria is difficult. Historically, everything there has been developing differently, but it has to be pointed out that after World War II there were periods of considerable instability in the West, in Italy or in France, when as a consequence of socioeconomic tensions, the political sphere became very unsettled.

[Perknerova] Minister of Finance Vaclav Klaus, who rejects any third way whatsoever, insists that everything positive has already been thought up and tried, and therefore there is no need to experiment. What do you think, is this a case of real socialist dogma with a

different brand name on the part of Vaclav Klaus and his Civic Democratic Party [ODS], or a rational choice of an already proven way?

[Mlynar] If we wanted to personify this approach of the only correct formula, then understandably who would come to mind the most would be the person of Minister Klaus, who has a by and large clear and to my mind one-sided conception of the transformation—not reform—of the economy. In this country, you see, at issue is not restructuring, but a profound economic and sociopolitical reversal and revolution, a change in quality that began with the change of power. That is important, because when thus understood, the point is precisely that the new power should change the social and economic structures from above. In this, the situation seems to resemble the communist power grab in February 1948.

People, citizens can be liberated from a dictatorship by offering them the possibility to choose the kind of new existence they want and to take their time searching for it. In that case it is not possible to prescribe changes according to some formulas given in advance, and the politicians do not play the role of a savior in such a process but the role of a middleman who only provides people with the framework and the possibility to search. That did not happen here. Certainly not in 1948, when the Communist Party came with its prescription and monopolistic power, nor after 1989, when the existing structures were declared totalitarian and were indiscriminately torn down. In fact, all organizations of the National Front were either abolished or dissolved, so that society did not have the institutions with whose help and evolutionary change it could have begun to implement its will, make clear what it wants and how—at all levels of society. Instead, a program was offered which, briefly said, offered going back as a solution, that is, the inevitability to return to somewhere prior to the Bolshevik error, to the year 1948 or perhaps 1938, and begin doing things roughly the way they were done then, by which means we shall automatically arrive at the level of today's Western advanced countries. That is how the idea is understood by most of the people who identify with this vision, and at the same time it is personified for them by Vaclav Klaus, because he says clearly—I will lead you to the West, back to Europe, because, you see, I have the proven, tested formulas, whereas all those so-called third ways are only a risky, inhibiting factor. But there's the rub, not even Vaclav Klaus has that proven formula, because what he is prescribing has never been proven creditable. Vaclav Klaus actually only believes that the approach based on a one-sided preference for private ownership, capitalism, and a market without any adjectives is in itself a guarantee of success.

[Perkenrova] Correction of nonpolitical politics?

[Mlynar] President Havel wants to play an integrating role. But the problem is that in practice he must show that he is able to unite different positions. For example, he should bring to the table five or six representatives of

the key political forces, and together with them look for a solution acceptable to all. But he cannot first ask to be given powers, and only then with the help of those powers play the role of an integrator. That, to my mind, is a contradiction in Vaclav Havel's political efforts. Take, for example, the manner in which President Masaryk played his integrating role in the twenties. In the critical, postwar days he created the so-called "Petka" [Committee of Five], where representatives of the key political parties, with him participating, decided on all substantive matters and then held to their decisions, and, moreover, pushed them through in the parliament. Without Masaryk such consensus would not have been possible. It was an extra-constitutional body, with whose help Masaryk proceeded to unite the stormy political scene in an informal way.

[Perknerova] You often stress that for the time being our political parties do not rely on their natural social background, but rather speak to those who only potentially could constitute such a background. That, to my mind, applies even to the most rapacious Czech party, ODS, which turns to the wealthy entrepreneurial class which, however, is thus far only something of a fiction in the Czech Republic. Where then does it find its mass support?

[Mlynar] If we measure support by the percentage of adherents the public opinion polls show, then ODS has roughly 20 percent potential voters. That, to my mind, is consistent with the share of the class of society which, although it does not yet exist, would like to be the decisive force in a society based on private ownership. It really does link its future with ODS, and that is why it is very assertive, disciplined, politically active. For its development it relies on the strength and power of its party, ODS. In hopeful anticipation this class therefore already exists. It is the irony of history that it is again formed by people who now can sing—as the proletariat did before—"We are nothing, let us be everything." They want to be at the top, and hence their assertiveness, a certain militancy, solidarity. And the fact that the intelligentsia is also turning to it? Let us look at its visible part—the journalists, for example. That is the way it has ever been, after all. A force which has the attributes of vigor and good prospects for the future always attracts. And people in the newspaper business have simply always looked for where to join in. Most of them, after all, have worked in their profession already during the totalitarian regime, and they became used to a certain consonance with power. Now they sense that ODS represents the coming power, so a tilt toward ODS by this part of the intelligentsia is not surprising. The element of conformity is very important, I would certainly not underestimate it. For example, the policy of the German economic miracle of the fifties was directly based on a certain kind of conformity. Then, when the strength of this current became exhausted, a new generation came which threw away everything old and had entirely different ideas about the development of society. Same as our young people today, who view socialist ideas

with disrespect. That is normal, and it is one of the strongest moving forces of history.

[Perknerova] Entrepreneurs, young people, part of the intelligentsia. But they are still only a fraction of those who are "rooting" for Vaclav Klaus.

[Mlynar] Certainly. Many more people than those 20 percent accept his reasoning about success and a quick way to the West. After all, everybody would like to live in a rich country and be successful. And so when an average citizen looks around our political spectrum, he reaches the conclusion that, all considered, we shall be in that Europe the fastest with Vaclav Klaus after all. And because his policies have not yet gone far enough to really have a social impact on people's lives, for the time being the ODS chairman is collecting points. The decisive break, to my mind, will come in the middle of the coming election period, when there will be a confrontation and a possible political liability. Nor is it written anywhere that the future government and parliament will last the entire period. And even that would not be any disaster, obviously. On the contrary, it is something that is part of parliamentary democracy. New elections would simply be called, and we shall go on. But at present the right is fostering and spreading the notion that if the left were to win here a terrible time would come upon us, the post-November gains would be lost, etc. Simply, the psychology of an ideological struggle is being intentionally propagated, a struggle which the right must win because otherwise it would be the end of the world.

[Perknerova] And won't it? What if in Slovakia already now and in the Czech lands maybe in those two years the socialist-oriented parties win in the special elections, will we not go back before November, as the right is warning us?

[Mlynar] That is absurd. Apart from some, even substantial, corrections of today's political line, obviously nothing else will happen other than what citizens will want. There would certainly be a change in the one-sided and foolish notion that it will be possible to reach in two or three years the kind of living standard that exists in Western societies. Society itself determines what it wants and what it does not want, and if it does not wish to pay a certain social tax for some, even though from the macroeconomic point of view desirable, advance toward the Western model, then it has the right not to do so. Same as it had the right to reject Marxist-Leninist ideas. Society has the right to say through the words of its citizens: enough, for me it is important how I live now and until the time of my retirement, not what will happen in 20 years. A man who is 40 years old today will probably have difficulty accepting a model of a single possible course, from which only his children will benefit. Why should he sacrifice the rest of his life to some vision or experiment? As long as citizens say enough, we prefer our present to a potentially marvelous future of our grandchildren, then democracy must make it possible and act accordingly. Let's say that it will be a step

backward, but it will be the citizens' will. The point is that a minority with a different viewpoint cannot be suppressed, abolished. It is necessary to get used to the fact that a just defeated minority is a potential majority, whose point of view maybe proves correct after a time, so that it will be trusted again. Democratic politics cannot exist other then as a method of constant trial and error, ascertaining what the majority wants and what it no longer wants. I believe that it is a mistake to keep silent about this phenomenon of politics, that people simply have the right to say what they want and what they do not want. And when somebody is forever telling them that they have to tighten their belt, then they have the right to say that they do not want to tighten it any more. And the father of the belt-tightening idea must respect it.

[Perknerova] But what should people do when it is made impossible for them to express and enforce their will—as for example by rejecting the referendum on the question of the state setup?

[Mlynar] In my opinion, the fact that the referendum was not called at this time is the consequence of complicated political calculations, even by those who wanted it and proposed it. You see, not every question can be successfully decided by a referendum. Therefore I mostly agree with those who said that the result would be an approval of a common state, but nobody would say what kind of common state, so that nothing would actually be resolved. Therefore in the final phase, to my way of thinking, at issue was no longer the expression of people's will about the common state, but a purely political matter for which the question of the referendum was to be a substitute. I would not therefore cite it as an example that society did not have the possibility to decide. It will make its decision even without the referendum, probably after the elections, or during the elections, when the referendum will no longer be the means of a political struggle but a practical instrument for resolving the specific issue of the state setup.

As far as the nationalistic issues are concerned, the same applies as in the preceding questions. The starting point must be that political, in the given case national, entities have the right to make the decisions. Personally I think that the principles agreed upon in Milovy are an acceptable solution for maintaining and developing the common state. I agree that the national and the civic principles do not contradict each other, because a civic society is always a society of a certain nationality or nation. Therefore it should be Czech in the Czech lands and Slovak in Slovakia, and then it can build a common state on the principle of a civic and legal state. It is definitely not a question of placing the civic principle above the national or vice versa. Unfortunately, fruitless disagreements and disputes about this issue which have been going on for two years demonstrate the unwanted consequences of some political steps. It began innocently with the hyphen dispute, and instead of substantive debates on the issue, the nationalist question was turned into a condition for resolving all other issues. I think that

this affair has been unnecessarily and inappropriately fomented and blown out of proportion.

The main political role in this, however, is played by the fact that Slovakia today is not so unequivocally in favor of the current type of Vaclav Klaus' rightist politics, so that on the Czech side there may be a hidden agenda—we could do better without Slovakia. This, too, is one of the reasons that some people take an indifferent stance on the unity of the state. I consider this to be wrong, because that elevates some partisan goals above the basic needs of national existence. I see the problem of the common state in the problem of the viability of both our nations in the mosaic of the national European states. We are too small to exist as two states. Moreover, we cannot compare ourselves to Belgium or, say, Luxembourg, because we really are national units within an environment of another nationality, and must maintain our Slavic identity in relation to the German neighbor. Therefore we need a state of a certain size—and that is attainable only in a common state unit. It is my opinion, therefore, that the break-up of the state would be the beginning of a process which would only lead us where we have already been before, that is, somewhere into the 19th century.

#### Democrats '92 Describe Program, Affiliation

AU2303115592 Bratislava NARODNA OBRODA  
in Slovak 18 Mar 92 p 3

[Interview with representatives of the Democrats '92 movement; Rudolf Battek, deputy chairman of the Federal Assembly and People's Chamber chairman; and Eva Kovacova, computer programmer from Bratislava, by Alena Walekova and Bohumil Olach; place and date not given: "Political Consensus Movement?"—individual speakers not always identified]

[Excerpts] [passage omitted]

[NARODNA OBRODA] What made you start this movement?

[Answer] The concern over current developments in Czechoslovakia, which has become a place of irresponsible political manipulation where political interests take precedence over people. The democratic development and the very existence of the common state are threatened. We realize that the percentage is growing of disgusted people who do not know for whom to vote or refuse to go to cast their ballot. This is a warning sign. Another decisive reason for founding the movement is the conviction of the necessity to preserve the common state, and the interest of both national entities in finding a system of coexistence. [passage omitted] The movement does not intend to appear as an opposition to the existing parties, but rather welcomes any possibility of cooperation.

[NARODNA OBRODA] What is your program? Your declaration states that you favor a fast transition to a market, socially just, and environmentally responsible

economy based on the protection of private ownership and honest work. Other parties want the same thing.

[Answer] Of course, our program does not discover a new America. We definitely want that only such laws be adopted in the parliaments that would not do new wrongs while amending the old ones. We define ourselves as neither left nor right wing. We are convinced that right now the important issue is a political consensus. [passage omitted] If, however, someone wants to change his affiliation or leave, then only at the cost of his mandate. We are binding them by a group political responsibility.

Our founding statement contains one item I would like to point out: No people who are in any way connected with the former regime can represent us. We do not want to keep stumbling over the "old structures." This, however, does not mean that we are unwilling to cooperate with them. [passage omitted]

[NARODNA OBRODA] What kind of support do you expect, and who has actually expressed his support?

[Kovacova] Some members of the Green Party have indicated interest in a group membership, and in Slovakia even the entire republic organization of that party, which is currently reorganizing, has expressed interest. There also is interest on the part of the Party of Free Democrats, the Association of Social Democrats (whose chairman is Battek), and the Movement of Czechoslovak Understanding, i.e., all entities operating throughout of the CSFR. In addition, we have the understanding of many former Civic Forum members—today independent supporters of the initiatives For a Common State (in the Slovak Republic) and For Referendum (in the Czech Republic) also endorse our goals. We are negotiating with the Civic Democratic Union-Public Against Violence party and the Democratic Party, and holding preliminary talks with the Club of Nonaligned Activists and the Democratic Union of Health and Sports. Individuals are also welcome. [passage omitted]

#### Pro-Federation Slovak Greens Hold Congress

AU2503185792 Bratislava SLOVENSKY DENNIK  
in Slovak 23 Mar 92 p 2

[CSTK report: "Greens and Democrats '92"]

[Text] Zvolen—The process of crystallization and polarization of views, which has affected many parties and movements after the first free elections, has not steered clear of the Green Party, either. As was noted by the delegates to the second regular congress of the Slovak Republic Organization of the Green Party [SRO SZ], which was held in Zvolen on Saturday, 21 March, the party has split into a wing of national socialists and tough opponents of the economic reform, and a wing of supporters of the common state, whose economic ideas are close to those of the liberal parties of the center.

Lubica Lacinova, whom representatives of 13 districts elected as SRO SZ chairwoman, said: "We must make the public clearly aware of the fact that there are two Green Parties in Slovakia, what their differences are and what their electoral programs are. The SRO SZ's closest partner is the Democrats '92 movement of the political center, with which we want to enter into a pre-election coalition."

#### Mukachevo Subcarpathian Republican Party Founded

AU2503185392 Bratislava SLOVENSKY DENNIK  
in Slovak 23 Mar 92 p 3

[CSTK report: "Sladek Deterred the Others"]

[Text] Kiev—The Subcarpathian Republican Party, whose main goal is the creation of a sovereign Subcarpathian Ruthenian Republic, held its constituent congress in Mukachevo on Saturday. Vasil Zajac was elected party chairman. Miroslav Sladek, chairman of the Association For the Republic-Republican Party of Czechoslovakia, and five members of his party were guests of honor at the congress. Well-informed sources in Uzhgorod told CSTK's Kiev correspondent that Sladek outlined his vision for the sovereign Subcarpathian state to the congress. In his opinion, one course of action could be a return to the pre-Munich borders. He promised his party's complete support if Subcarpathian Ruthenia's inhabitants choose this variant.

Sladek then sharply criticized the Czechoslovak leadership and President Vaclav Havel for their attitude toward the former Subcarpathian Ruthenia. He stated in his speech—delivered in Russian—that this government no longer represents anyone, and he expressed his desire for a radical change to the situation following this year's elections in Czechoslovakia, because, in his opinion, the republicans will win these elections.

Deputy Vasil Mohorita, a former youth union and Communist Party functionary, also participated in the Mukachevo congress as an observer. According to reliable sources who prefer to remain anonymous, the goal of his visit to Mukachevo is to find out about possibilities for economic cooperation between Czechoslovakia and the Subcarpathian region.

Sladek's participation in the congress apparently deterred delegations from other countries whom the organizers had invited.

#### Background of Marecek's Hunger Strike

92CH0386A Prague DOKUMENTACNI PREHLED  
in Czech 13 Feb 92 pp H/19-23

[Text] Miloslav Marecek, born 21 September 1954, factory worker at the joint stock company Moravia, home address Za Humny Street, Kyjov.

In 1987 he signed Charter 77. In 1989 he joined in the petition "Several Sentences" and helped copy and distribute it. On 17 August 1989 State Security made a search of his house, and subsequently criminal prosecution was initiated against him for planning the crime of sedition and for receiving and distributing the petition "Several Sentences."

On 11 September 1989, as a protest against the persecution of his person, he began a hunger strike which lasted 35 days. At that time a psychiatrist, Dr. N. Tomasova, decided to start intravenous feeding, to which he passively submitted. The criminal prosecution was discontinued in view of the poor condition of the patient's health, and Marecek ended his hunger strike.

On 9 March 1990, Marecek filed a complaint with the appropriate agency against a total of seven people who took part in the search of his house and his detention in 1989, charging abuse of power by public officials.

On 18 June 1990, he was notified by the office of the kraj prosecutor in Brno that his complaint was set aside as unsubstantiated, because the officials who took part in his criminal prosecution acted in accord with the then legal regulations and established judicature. Marecek refused to accept this decision.

On 10 September 1990, he filed a complaint with the CSFR Prosecutor's General office [GP CSFR] charging abuse of power by a public official according to Article 158 of the Penal Code, against a person or persons unknown, who on the basis of the relevant provision of the law, or by enacting such provision of the law, caused him to be unjustly prosecuted for receiving and distributing the petition "Several Sentences."

On 12 October 1990, he filed a complaint against the physician-psychiatrist and other physicians who, as consultants from the District Public Health Institute in Hodonin-Kyjov Hospital, decided after his 35-day hunger strike in the fall of 1989 that in order to save the life and health of Marecek it was necessary to give him medical treatment without delay despite his disapproval; as a result, intravenous feeding was initiated.

The complaint and followup action were turned over in January 1991 to the Office of the Prosecutor General of the Czech Republic [GP CR]. On 7 August 1991 the GP CR made the decision to set aside both complaints as unsubstantiated on the grounds that a suspicion of a criminal act was not at issue in this case.

On 13 August 1991, Marecek requested in his letter that the CP CSFR ascertain those persons, although not from among the deputies of the Federal Assembly, "who on the basis of the relevant provision of the law initiated, or by enacting such provision of the law laid a basis for, prosecution in connection with the petition "Several Sentences," that is, persons who so acted in accord with the illegal provision of the Presidium of the Federal Assembly No. 10/1989, dated 14 February 1989 (the so-called night stick law); in his letter to the prosecutor

general he further stated: "As long as the matter of the illegal prosecution in question is not resolved objectively, in accord with the provisions of the legal code and the duties of the prosecutor general, and within the given deadline—by 10 September 1991—I shall consider the day when the deadline expires (11 September 1991) the day when I begin my unlimited hunger strike in protest. Rest assured that I am unequivocally determined to carry my hunger strike to the absolute end."

On 11 September 1991, Marecek really did start an total hunger strike (that is, other than water he accepted no food) and announced that during the hunger strike he will refuse all medical treatment. He kept up the hunger strike for 44 days, until 25 October 1991, when he interrupted it after receiving a notification from the GP CSFR that the GP CSFR and GP CR adopted the appropriate measures and that concrete steps were being taken in the matter of his complaints. He stated, however, that if the prosecutors proceed at variance with their duties, if the adopted measures do not lead to positive results, or if their implementation is disproportionately and unreasonably prolonged, he will resume his protest hunger strike to the full extent.

On 25 December 1991, Marecek resumed his hunger strike in protest against the arbitrary handling of his complaint which he submitted to the GP CSFR and GP CR. In place of an adequate response he met only with a tendency to narrow down his three requests to a single one, moreover to misinterpret it, to engage in protracted investigations with a restricted number of investigators. He demanded that the GP CSFR specifically name the thus far ascertained initiators and authors of the unconstitutional night stick law and state what measures it intends to take against the culprits, and also made a number of other demands to be met as a condition for ending his hunger strike.

On 16 January 1992, GP CR issued its position on Marecek's hunger strike. It stated that the officials of the GP CR processed all Marecek's criminal complaints and follow-up steps properly in accord with the law, and that any other measures in this matter by the CP CR are out of the question.

On 21 January 1992, Marecek stated his opinion that the GP CR did not process the criminal charges he submitted according to the law, accused the GP CR of the criminal act of abusing the power of a public official and of favoritism, and expressed his readiness to even die.

On 23 January 1992, the CSFR Prosecutor General I. Gasparovic asked the deputies during the 20th joint session of both houses of the CSFR General Assembly to form a commission to investigate the procedures followed by the prosecution in the Marecek case.

On 28 January 1992, the CSFR Federal Assembly asked the Parliamentary Commission on Human Rights and Minorities to take action in this matter and gave it investigative powers, similarly as it did in the case of the

Parliamentary Commission on 17 November; the members of the commission immediately departed to see Marecek.

On 29 January 1992, the Office of the President of the Republic received a letter from Marecek in which he acceded to the initiative of President V. Havel to set up an independent commission of lawyers to review the procedures followed by the officials of the prosecutor's office in processing his requests (the initiative was announced by M. Zantovsky at a briefing on 27 January 1992); he suggested that Doctor of Law Stanislav Krecek represent him.

On 31 January 1992, the independent commission of lawyers announced the conclusions of their investigation, and at least in two instances they agreed with Marecek and noted serious shortcomings in the work of the GP CR.

On 2 February 1992, the GP CSFR decided to set aside Marecek's complaint on the grounds that it does not involve suspicion of a criminal act and the complaint cannot be disposed in any other way; it considers Marecek's hunger strike to be an unprecedented and unacceptable form of intrusion into the workings of this state agency.

On 4 February 1992, Marecek called the decision of the GP CSFR to set aside his request in the matter of the so-called night stick law a mockery of law and justice, and announced that he is lodging a complaint against this decision.

On 6 February 1992, the Presidium of the Czech National Council charged the Committee on Petitions, Legal Protection and Safety with evaluating the legality of the procedures followed by the CR Prosecutor General L. Brunner in the Marecek case.

On 8 February 1992, Marecek's health took a turn for the worse.

On 9 February, the GP CSFR issued its decision, in which it rejects as unsubstantiated the complaint of Marecek against the decision of the GP investigator of 2 February 1992; in the conclusion of the GP decision it is stated: "According to all present findings I therefore came to the conclusion that this matter really does not involve a suspicion of any kind of criminal act, not even by the officials who took part in the criminal prosecution, to whom there is no reason to impute the slightest intent to knowingly prosecute innocent people;" this decision is final and no further complaint can be lodged against it.

On 9 February 1992, Marecek allowed in the presence of the district prosecutrix in Hodonin a meeting with his attending physician V. Kudr and the Director of the

Kyjov Hospital Petr Hudecek; but he categorically refused the offer of an examination and treatment.

On 9 February 1992, the Committee on Petitions, Legal Protection and Safety of the Czech National Council announced that it does not agree with the reasons given for the decision by the investigator of the district prosecutor's office of 18 June 1990 in the Marecek case (it concerns the criminal prosecution of Marecek in August 1989). The committee's resolution states, among other things, that "this criminal prosecution of Mr. Marecek was unconstitutional, and was the expression of the reality that the district prosecutor and other officials were influenced in their actions by the position handed down by the Supreme Court of the CSSR, the Federal Ministry of Interior, and the CSSR Prosecutor General, that is, by the bureaucratic power of the communist regime." The committee instructed the prosecutor general of the Czech Republic to initiate criminal prosecution of persons who shared in the drafting and issuance of the Position on the Further Procedures on Activating Antisocialist Forces, on whose basis were prosecuted, among others, also the distributors of the petition "Several Sentences."

On 11 February 1992, the CR Prosecutor General Ludvik Brunner sent Marecek a letter in which he states, among other things, that the GP CR in no way expressed the opinion that the past criminal prosecution of Marecek was legal, even though it came to the conclusion that the actions of the persons who were in charge of his prosecution did not constitute abuse of power by a public official. L. Brunner further wrote in his letter that he gave instructions to initiate criminal prosecution in the matter of reviewing the legality of the formation and application of the position of the GP CSSR, which determined internally the procedures to be followed against the so-called antisocialist forces in 1989.

On 11 February 1992, the Commission on Human Rights and Minorities of the CSFR Federal Assembly sent Marecek a letter, in which it assures him of its determination to review all the facts which he brought up in his requests, and that it is ready to take appropriate measures where mistakes were made by the responsible officials. It appealed to Marecek to reconsider the necessity to continue his protest, given the fact that his case is being attended to by the highest legislative bodies of the CSFR and CR.

Marecek's hunger strike elicited many responses. The case was widely commented on in the media, and petitions, chain hunger strikes, and demonstrations in support of his demands have been taking place. The petition "For Marecek, Truth, Law, and Justice" was signed by almost 1,400 citizens as of 8 February 1992. The case found response even abroad.

**Defense Minister Fur Views Political Scene**

*92CH0399A Budapest MAGYAR FORUM  
in Hungarian 5 Mar 92 p 3*

[Interview with Lajos Fur, defense minister and vice president of the Hungarian Democratic Forum, by Laszlo Jasz; place and date not given: "Where Are the Threats to Hungarian Democracy Lurking?"—first paragraph is MAGYAR FORUM introduction]

[Text] Defense Minister Lajos Fur is frequently mentioned in his other capacities; for instance, as a writer and historian, in conjunction with his recently published volume of essays. Or when he regularly attends national meetings of farmers, as an expert on agricultural history. Little is being said, however, about a very important post of his, although it must be admitted that he has been occupying it only for the past two and a half months. On this occasion we have requested an interview from him in his capacity as executive vice president of the MDF [Hungarian Democratic Forum].

[Jasz] As executive vice president of the Hungarian Democrats, what do you say to the MDF's losing the parliamentary elections? Meaning the parliamentary elections in 1994. The loss has been reported in the press. FIDESZ [Federation of Young Democrats] is looking for a prime minister. And even the MSZP [Hungarian Socialist Party] is casting us as a shadow cabinet.

[Fur] Yes, those are well-known psychological tricks. I hope they will vanish above us the same way that many others have vanished recently.

[Jasz] At the national convention of the MDF it was said that the party would not launch an election campaign. Incidentally, I believe that an election campaign running on for years is the last thing our people need. But others have already started it.

[Fur] Actually, we too have begun preparations for parliamentary elections. Various sections at our national convention adopted resolutions that effectively serve to prepare the election campaign. This year will serve to put in place all the conditions for the election offensive to be launched next year; in other words, the personnel and material conditions, and suitable organizational structures. That will include putting the local organizations of the MDF on their feet, because some of them are not functioning regularly or effectively. A fairly significant proportion of the 800 organizations will have to be reviewed in that respect. We will also strive to increase the number of our organizations and to boost their enrollment.

**Poisoners of the Atmosphere**

[Jasz] Gyorgy Gado's parliamentary—what should I call it?—manifesto felt like he was cranking up the election campaign. Actually the SZDSZ [Alliance of Free Democrats] began by leveling charges of anti-Semitism against the MDF also in the summer of 1989, although it then acted more cunningly—by starting the accusations from

America—and employed a different style. Gado's version raises the question of the extent to which a political party or a politician should respond to such political analyses. In other words, is a response required in every case?

[Fur] I would not think so. But parliament has its own internal rules and customs. If a question is put to a minister in parliament, that requires an answer. This is not the first time we are making statements on this issue, both as a cabinet and separately as politicians. We have said hundreds and thousands of times that the Hungarian Democratic Forum is a centrist party and is therefore free of any and all extremes, be they on the right or left. As a matter of course, in other words, the MDF is distancing itself, among other things, also from the anti-Semitic overtones and drives that are typical of the extreme right. But it appears that this cannot be voiced often enough, and I do not know what intentions really lie behind this. I fully understand Gyorgy Gado's personal grievances, and accept that one can be wrought up by them. But personal grievances are one thing, and national politics is quite another thing. What goes on in parliament is national politics and must not be confused with personal grievances.

[Jasz] Matyas Eorsi, another SZDSZ deputy, specified as a criterion for membership of their platform, the Liberal Circle, that only those could join who intend to concern themselves not with calling communists to account and replacing the old leaders, but "with preventing the real threat, the development of an MDF dictatorship, the outlines of which are already taking shape." Well, is that the real threat?

[Fur] Neither Matyas Eorsi nor anyone else has to fear that. Threats to Hungarian democracy may truly be lurking, but not from the MDF, which is 100 percent democratic, not just in its program, but in the mentality of its members as well. A threat may be lurking from an entirely different direction. Here I have primarily the extreme left in mind.

[Jasz] Continuing to dwell on the largest opposition party, its parliamentary caucus recently announced: "In the atmosphere created by the policies that the government and the MDF have respectively been pursuing recently, no talks are warranted between the SZDSZ and the MDF that would create the appearance of a rapprochement between the two parties." Already the question of who is creating an atmosphere is arguable. But far more important is whether the MDF wants at all a rapprochement with a partner who, within weeks rather than months after the 1990 elections, reneged on its pledged willingness to cooperate?

[Fur] And we remember very clearly also what happened at the 1989 Opposition Roundtable talks, and how the agreement fell through to jointly accept whatever would emerge from those talks. We were not the ones who refused to do so. There is no sense in making an issue out of this. And it is entirely preposterous to blame the

worsening of the political atmosphere on the government and the MDF. The MDF has never been one of the sword-brandishing and sharply attacking political parties that use smear tactics in politics.

#### **Ulterior Motives**

[Jasz] Returning to the matter of "MDF dictatorship," one finds astonishing examples of this when touring the country, or when perusing the Letters to the Editor section of our paper or the MDF's weekly news summary in HIRLAP. Intimidated, ridiculed MDF activists and simple members, especially in the provinces, speak of redundancy dismissals in reverse. A forsaken rural MDF member writes: "More help and care are needed, while it is still not too late."

[Fur] On the part of economic managers there is indeed a conscious bias against members of the MDF, or in general of the political parties belonging to the ruling coalition. There are even politically motivated offensives. They are widespread, rather than occasional, and firmer action against them would be justified. Not for the reason and the way many people imagine—i.e., because the MDF as the party heading the government has the right to expect immunity for its members, and even privileges that others do not enjoy. It is not the old bolshevik mentality that we wish to practice here. What we want is for there to be no negative discrimination: that members of the MDF not be the first ones to be dismissed in the violent antigovernment mood. Or perhaps for motives even more ulterior: to attempt to compensate in this manner for the wrongs the old managers may have suffered.

[Jasz] But such actions are almost always cleverly planned from the viewpoint of labor law. The cloven hoof protrudes in vain from beneath the cloak of the statutory regulations that are in force.

[Fur] Yes, I know. This is where the grave problems are. It is extremely difficult to catch such managers violating legality, for gentlemen of that type are extremely careful to preserve the appearance of legality. The only possibility, I believe, is to create a political atmosphere in which a politically motivated injury cannot be afflicted on anyone.

[Jasz] Our readers also write that "the MDF is continually yielding ground and attempting to explain its report card."

[Fur] Well, we would increasingly like to be able to speak of this in the past tense. It is not we who should be constantly washing our hands and explaining things we did not commit, and for which we are not responsible at all.

#### **Dissatisfaction**

[Jasz] There is something else that by now should perhaps be a thing of the past. At the national convention, already the fifth one in the life of the MDF, it grated on

me that our lack of experience was cited as an excuse for organizational shortcomings. In other words, excuse us because we are amateurs. How long can we go on saying that?

[Fur] Yes, pleading amateurism should indeed be abandoned by now. On the one hand, MDF politicians may have been amateurs when they started, but by now they have mastered something of the "art of politics"; if nothing else, they have at least acquired a certain routine. In that sense, amateurism wears thin even at the level of the smallest cells. On the other hand, the people who are suitable—have the necessary education, know how to manage and to organize, have some idea of mass psychology and modern advertising techniques, and in general of everything that has a bearing on politics—ought to be assigned to political work on a full-time basis.

[Jasz] Speaking of the hopelessness, of the destruction raging in the spirit, you said then in your speech: "If we are unable to achieve a breakthrough in this area, we will be confronted with the greatest problem of the coming years." A breakthrough will be difficult. Even at the national convention, where consciously thinking people came together, the backbenchers' greater dissatisfaction and more worried mood were perceptible, in contrast to the perhaps slightly exaggerated satisfaction of the presidium, of the national leadership.

[Fur] The national convention was held at a time when the splits and fissures in the other political parties were all too evident, and perhaps that gave us a greater sense of self-satisfaction than what may have been warranted. We do not have spectacular personal controversies, groups, and cliques fighting each other. There are differences between the orientations within the MDF, and we are constantly discussing those differences, but they have never led to open conflict between orientations. That may have created the not-quite-realistic appearance of our very deep satisfaction with everything we have achieved and done, and with the situation in which we find ourselves. But that is not the case, and my words referred to that fact as well. The hopelessness and indifference apply not just to national public opinion, but also to a part of the MDF membership. That is a serious problem of our society, and it is not true that all this has occurred since the change of political systems. Indeed, as a historian I venture to declare as perhaps not true that this indifference and hopelessness originated entirely under communist dictatorship. Its roots may reach even farther back in time. From World War I to the retributions for the 1956 revolution and up to the most recent times, a series of misfortunes rolled over us, eating themselves practically unnoticed into our cells and thinking.

#### **Justice Has Not Been Rendered**

[Jasz] Yet we expected and believed that this nation would be able to breathe more freely after the dictatorship and the withdrawal of occupying forces.

[Fur] Many more things are needed for the nation to be able to breathe more freely. The MDF ought to be politically more active. Many people are dissatisfied because of the failure to render justice, and they are right: It has not happened on the scale we had once planned and the way it should have been rendered. We are not speaking about prison sentences; nobody is demanding either blood or heads. But we should have rendered justice at least in the sense of naming those who caused this nation immense harm in recent decades.

[Jasz] Trials are being held in Czechoslovakia, Poland, the former German Democratic Republic, Bulgaria....

[Fur] Everywhere, everywhere. But locking them up is not the point. After all, they are all old people by now anyhow.

[Jasz] Yes indeed, they are being given short prison sentences. Some in Czechoslovakia have already served their sentences and are now free. But they were in prison.

[Fur] That has not happened in our country. And obviously that, too, is causing the atmosphere in which MDF members are losing their jobs merely because they belong to the MDF. Had justice been rendered, the public mood here today would be different. And not just because the persons we are now talking about are members of the MDF. Those who wield economic power could treat a FIDESZ or SZDSZ member, and perhaps even a member of the MSZP, the same way, if they chose to do so. And that is intolerable.

#### What May Threaten

[Jasz] To conclude this interview, allow me to quote a passage from your recently published volume of essays: "The 20th century history of Hungary and of the Hungarian people bears the particular characteristics of being hemmed in; that past is associated with a tragic chain of staggering and often self-destructive turns in our fortunes." By the end of the century we seem to have emerged from being hemmed in. But are those "self-destructive turns" still haunting us?

[Fur] Unfortunately, they are. We have indeed emerged from being hemmed in. But the self-destructive reflexes—the pessimism, the suicide rate, and alcohol abuse, among others—are still here. And the most serious such self-destruction is the phenomenon of childless marriages and of families with only one child at most. From 1980 to 1990 the country's population shows an absolute decline of 340,000 persons. If that trend continues....

[Jasz] And in politics?

[Fur] That too is possible. The anger and passions simmering here could pose the threat of a leftist turnaround by playing on, exploiting, and abusing the public dissatisfaction. I do not think that will happen. But let us add that the possibility of such a threat must be taken into consideration.

#### Communist Views Alleged of Former Opposition

92P20195A Budapest KAPU in Hungarian  
No 1-2 Jan-Feb 92 pp 6-7

[Article by Tamas Kiss: "The Western Wind and the Revolution of Chameleons"]

[Excerpt] Duesseldorf, Germany—With the cooperation of the Hungarian emigre community—since in this chaos, in the "grand circus of the Republic," nothing can remain a secret—the following news leaked out: Jozsef Antall's government, more precisely, the ministry in question, is about to break the moratorium on radio frequencies. Out of all the foreign TV and radio companies, the first (and only) station they want to give permission to is the Hungarian section of Radio Free Europe [RFE], allowing it to broadcast its programs within our borders as an official Hungarian radio station. I think that it is no secret to anybody what strong bonds tie Laszlo Ribanszky (the director in Munich) and Jozsef Antall together. The interweaving of the MDF [Hungarian Democratic Forum] and RFE is precisely the logical result of this personal friendship, or let's say, complicity.

There is no compromise in morality.

The emigre community—which fought its own decades-long battle with the dictatorship the same way as the internal opposition did—now, after the "victory," is faced, uncomprehending, with a series of inexplicable (for them) phenomena. Many, I could say, many of us, expected to see the revolution, started in 1956, to be completed in 1989, and subsequently a healing process to begin in Hungary. Those persecuted until they fled to faraway lands would return; peace and hope would prevail. A new home would be built on the ruins of the ransacked, destroyed country, and people with clean morals and patriotism would lead the nation.

There were such dreams.

These were then transformed into doubts, the doubts changed to impatience, and today we can say that the Hungarian emigres, the Western Wind, tear into—even though not yet with the force of a gale—the forest of lies on the posters, and sweep away the mirages. News items and reports appear in newsletters and newspapers from Vienna to New York that advise caution when dealing with the former opposition.

Gabor Demszky, mayor of Budapest—the "Charmeur"—is not a favorite of Hungarian emigres. The antipathy is not only the result of his unsavory role (let me not call it a joke) in forming the myth of the so-called Democratic Opposition. It is well known the world over that the organization called the Democratic Opposition, in the last decade of the party-state, was active under the name of Leftist Opposition, but the way in which the small circle of the "Beszelo" group rewarded itself for its opposition activity aroused distaste.

So how exactly did Gabor Demszky and his friends/accomplices resist the dictatorship, and within that, the Hungarian party-state?

It is a well-known fact in the United States (by now in most emigre centers) that in THE NEW YORK TIMES on the 1 December 1985 in a large paid advertisement, a few members of the intelligentsia protested against [former] President Reagan's Nicaraguan policy and equated the efforts to stop the communist penetration with the Soviet aggression against Afghanistan. If there is anyone who cannot remember, this was the era of the "Hands Off Nicaragua" slogan, which of course was shouted and hissed by the communists—and communist sympathizes—against the United States, the "hotbed of imperialism," and its president, who did not want Red neighbors with their tentacles and sirens of propaganda reaching toward the States.

The signatories were faithful representatives of Marxism-Leninism, and prominent fighters of internationalistic liberalism—internationalism—like Isabelle Allende, Daniel Ellsberg, Allen Ginsberg, and Victor Gottbaum. The Hungarian signatories claimed (at the time!) to belong to this same circle—of course, by now they have forgotten the past.

Six years ago Gabor Demszky, Istvan Eorsi, Gyorgy Konrad, Gyorgy Petri, and Laszlo Rajk claimed to share the spirit of the communist ideal—wholeheartedly!

I want to emphasize that in itself it is no sin to be counted with the communists. This is only a matter of taste. What is unacceptable is that the same people now set themselves up as the vanguards in the fight for democracy who had the lion's share in the toppling of the dictatorship. I myself do not remember whether these gentlemen (half-comrades) had ever raised their voices for the rights of the minorities—living in lands torn out of Hungary—to self-determination, or against the imperialistic move to push the Romanian borders to the Tisza River.

The mayor, whose moniker is "the Man of Action," together with his "Beszelo" colleagues, naturally has never gotten to know the inside of the dictatorship's prisons. Just the opposite.... They, "the vanguard in the fight for democracy," the "opposition," freely received a world passport from that cursed communist regime, even permission for a stay of several years abroad. By accident? On purpose? For purposes of fostering disintegration abroad, or for some other purpose? For propaganda purposes or for informing? Who can understand it? And they could travel to the West, to the United States—with the help of this or that foundation.

Whoever was next on the list, that is. [Wordplay on the word "soros"—the name of a Hungarian-American magnate who has financed many trips of the opposition to the West, and supported numerous research fellowships through special funds.]

Yes, we have to talk about this, too. About the Soros Foundation.

One of the omnipotent administrators of the Foundation's Budapest office was Miklos Vasarhelyi, who wrote his name for eternity in the memories of the victims of the MAORT trial as a communist propaganda writer after the Second World War. Miklos Vasarhelyi and his crony, Mr. Pal Forgacs, could grant favors from his middle-class comfort even during the time when other, since long-forgotten opposition members were languishing in prisons by the hundreds, by the thousands, in many cases choosing suicide rather than compromise.

When writing about the opposition you cannot leave unnoticed the most oppositionist of government parties, the Independent Smallholders Party [FKgP]. At one of the stops on my Hungarian grand tour last summer, in Debrecen, I heard what was said in one of the POFOSZ [Association of Hungarian Political Prisoners] general meeting. Dr. Bela Kovacs (FKgP), after having acknowledged circulating rumors that Jozsef Torgyan and Vilmos Bereczky had been employed by the dissolved III/III Department in the Interior Ministry, added that at least 40-45 persons can be found among the parliamentary representatives who had had close ties to the tragically infamous organization. He declared that the number is constantly growing of those who not only request but outright demand that new elections be called in 1992.

Simultaneously with the POFOSZ general meeting another gathering took place, the county conference of the SZDSZ [Alliance of Free Democrats], where, according to some, the beginning of the end had already started: the breakup of the opposition party of the Free Democrats.

We shouldn't leave out the smaller opposition groups.

Brother-in-arms Tibor Hornyak—the former junk dealer of Ecser [location of market where extensive black market activity went on under the communist regime], who put the Hungarian Independence Party on ice, and who later, in a fit of party-founding mood that seems to have become permanent, created the Association of '56ers—had to separate from the position of party leader because of the wishes of the party rank and file. Diligent newspaper readers might remember that this otherwise—in his family circle—decent pensioner wrote a letter to Mikhail Gorbachev and offered him honorary membership in the Association of '56ers. [passage omitted]

#### Trade With Former Soviet Republics Described

92CH0400A Budapest FIGYELO in Hungarian  
5 Mar 92 p 5

[Article by R.B.: "Hungarian-Russian Trade: A Slightly Flawed Agreement?"]

[Text] Russian officials in authority did not have to worry for long over some—from their standpoint, unfavorable—conditions contained in the trade agreement with Hungary. The notable condition they have agreed to provides that all funds derived from sales to Hungary must be expended for the purchase of Hungarian goods. Their worries have been alleviated by the fact that as a result of certain customs and export regulations adopted by Moscow early this year, the agreement remains in force only on paper, to put it mildly. The clearing account agreement reached by the Commercial Bank, Inc., and the Russian Foreign Trade Bank is of no use until they figure out the proportion of foreign exchange sales revenues the Russian enterprises may dispose of.

Internal rules in Russia conflict with the already consummated trade agreement at several points. Based on the new rules, enterprises must transfer 40 percent of their export revenues to the central (i.e., Russian) government. But 10 percent of the remaining 60 percent must also be sold at the exchange. On top of all this, they levied a number of export taxes, defined in terms of ECU's [European Currency Unit]. The presumed purpose of this measure is dual, one is the retention produces foreign exchange to pay the indebtedness.

More important than that is the fact that the Russians are trying to restore the shaken balance of their budget on the basis of taxes on exports and customs duties. According to information received from the NGKM [Ministry of International Economic Relations], present negotiations concern the possibility of reaching some kind of a compromise between the obligation contained in the agreement on the one hand, and the new Russian internal rules on the other.

Once the agreement concerning the banks' technical system—the clearing accounts system that pertains to products included in the indicative list—works, the Hungarian and the Russian side would each be able to transact trade valued at \$1.5 billion. Last year we delivered goods worth \$1.2 billion to the then entire Soviet Union, not including transactions payable in rubles, and we purchased \$1.6 billion worth of goods, again not counting purchases payable in rubles. In the end, the Vnyesekonombank had opened a letter of credit in the approximate amount of \$400 million. (It is questionable, of course, from whom and where Hungarian enterprises are going to be able to collect their last year's receivables.) Compared to these amounts, however, many hundreds of millions of dollars more had been derived in revenues, because a host of Russian firms and firms from other republics had paid through third countries, thus avoiding the requirement to transfer the money home. On occasion, it was possible to buy goods originating from Russia and from other republics cheaper in Vienna than in Moscow or Tashkent, even though the Viennese agent included his commission in the price. All this can be explained by the inexperience of the republics in foreign trade, and the fact that a "Hungarian" dollar and an "Austrian" dollar are not identical in their view, according to the chief division head. (They charge more

to Hungarian buyers than to Austrians.) Similarly, some trade policy disputes among the various republics present some strange situations. What could we say if we heard that a Ukrainian agent charged 1 percent of the value of sugar—in kind—transported from Odessa to Uzbekistan in the form of a transit fee.

An agreement has previously been reached to the effect that 88 percent of Hungarian receivables amounting to about \$2 million would be paid by three republics (Russia, Ukraine, and Byelorussia), and the rest would be divided among the other republics. At present, however, debate centers around the idea that not only the debts but also the receivables should be distributed among the republics. True, much of these receivables cannot be collected. But Soviet property abroad may be worth quite a few billion dollars. Not to mention the value of military facilities located within the territories of the former allies, a subject matter that is being debated among the republics.

#### National Debt Financing, Interest Rates Discussed

92CH0396C Budapest FIGYELO in Hungarian  
5 Mar 92 p 11

[Article by Sandor Czirjak, Hungarian National Bank vice president: "No Joke at All; What's Going To Happen to You, State Indebtedness?"]

[Text] The burden represented by state indebtedness that is gradually becoming the subject of market interest rate could be transferred to the economy as a result of reduced consumption financing. The final solution would be budget reform, nevertheless.

During the past decade and a half (except for the last two years) the external balance of payments and the state household deficit (state budget plus AFI [State Development Institute]) have moved in a synchronized fashion because net individual savings did not suffice to satisfy the borrowing needs of the entrepreneurial sphere. Thus an internal state indebtedness of a size almost as large as the external indebtedness has come about.

The central bank has financed the state's indebtedness as a result of credits earning lower than market-rate interests. (Within that, the incremental indebtedness created by the devaluation of the forint had been financed by the MNB [Hungarian National Bank] on an interest-free basis.) As a result of the low interest rate the budget deficit was much smaller than the actual deficit would have been, had the MNB charged interest at the level of real interest rates. This, then, covered up the real extent to which state revenues had been redistributed.

The existing aggregate indebtedness has been unified in 1990. AFI's outstanding loans have become part of the budget, and the interest charged by the central bank on the "old" loan amounts was fixed at 40 percent, and at 9 percent in 1991. Interest on new credits received from the central bank had been fixed at the central bank's

basic interest rate (25 percent). They began financing the growing part of the state household deficit through securities (treasury certificates, discount and variable interest state bonds).

As perceived in 1990, market interest rates charged on new credits, the exchange for privatization loans and the use of privatization revenues to defray the state's indebtedness would have gradually "placed" a very significant part of the state's indebtedness under market conditions. The so-called old loan amounts—in regard to which interest rates must not fall below those charged by foreign sources—continuously decline, and the remainder is becoming subject to market interest rates as a result of inflation and the drop in interest rate levels. Losses incurred as a result of devaluation measures materialize in Hungary whenever the external indebtedness is reduced. On such occasions state securities must be issued in amounts corresponding with the losses, or the loss must be recovered from budgeted funds, in order to maintain the viability of monetary management. (True, in those days no one has thought that a reduction in external indebtedness could become a reality in 1991.)

The way the internal state indebtedness evolves exerts a fundamental influence on the economic and the monetary spheres. The state household deficit—and thus a further increase in the aggregate indebtedness—lead to the maintenance of high interest rate levels. Rapid increases in budgeted interest expenditures could lead to a drastic reduction in the role played by credits in the economy, and to a significant inflationary increase. The possible way out: to "make place" for gradually turning the interest burden of the state indebtedness into a burden based on market interest rates by using state budget reform and reduced consumption financing as the vehicles.

One frequently hears opinions according to which the state indebtedness could simply be written off and that we should start out with a clean page. This would only be possible if we were forgiven our external indebtedness, or if we would discontinue the demands of other Hungarian recipients of income (the populace, the enterprise sphere) against the banking system. The "savings on interest" thus derived could provide a backing for external interest payments.

The possibility of converting in a single step the aggregate volume of indebtedness to become subject to market interest rates has been discussed. If we had only a simple technical change in mind, such change would result in a situation in which the central bank's profits would increase by the amount of the interest differential, and the central bank would pay this amount to the state budget. Thus the real interest burden would appear among the budgeted expenditures, and this would convey a better sense of the size of the state's indebtedness. A substantive change would occur if part of this amount would be yielded by the central bank to the commercial banking system, and through that to the entrepreneurial sphere. Based on what we have said

before, this would only be possible if the budget offset this "return income transfer" by reducing its expenditures.

In the present system the burden of the external and internal indebtedness is spread throughout the economy in the form of negative real interest on savings, the high positive real interest on credits, and as a result of inflation. A reduction of the state's indebtedness through the use of privatization revenues becomes possible only when the credit financing of domestic purchases increases. For the time being, however, strong pressures exist for expending multiples of the cash revenues (current budget deficit financing, infrastructural development, social security, managing the unemployment, and so forth).

With the moderation of inflation and interest rates the interest burden on the state's indebtedness becomes uniform at, or somewhat above, the present interest rates on "old credits." With the improvement of our debtor position the relative interest burden on financing the external indebtedness may also become more moderate. Thus, in the longer term, the distribution of the burden created by the financing of the external indebtedness through domestic indebtedness may be changed. In the event that the external indebtedness remains level, the loss incurred as a result of devaluation would not be felt directly. On the other hand, it would show up in the form of loss of assets, and this would become visible in the future when the state budget includes a balance sheet of assets [and liabilities]. I do not even dare to discuss a possibility that could materialize when the forint steadily appreciates and the aggregate indebtedness created by devaluation becomes liquidated.

In the final analysis, then, this issue is rather complex, and therefore, for the time being, the available options permit only a variety of halfway solutions with compromises. What we must pay great attention to is that we avoid the explosion of the inflationary bomb that accompanies increased domestic indebtedness.

#### Hungary's Balance of Payments in Convertible Currencies, January-December 1991 (in millions of dollars)

Exports	9,258
Imports	9,069
Trade Balance	189
Services and Income	—
Delivery of goods, transportation, net	- 80
Government expenditures, net	63
Services, net	67
Foreign tourism revenues	1,006
Foreign tourism expenditures	446
Foreign tourism balance	560
Income on direct capital investments, net	- 32

**Hungary's Balance of Payments in Convertible Currencies, January-December 1991 (in millions of dollars)  
(Continued)**

Foreign investment income	297
Foreign investment expenditures	1,628
Foreign investment balance	- 1,331
Income derived from labor and assets	- 20
Unilateral transfers, net	861
Other payments, net	- 8
Current balance of payments	267
Capital movements balance	- 267
1. Medium- and long-term capital movements	3,070
Receivables, net	- 57
Payables, net	1,668
Taken	4,077
Paid	2,409
Direct capital investments, net	1,459
Basic balance	3,337
2. Short term capital movement	- 617
Receivables	141
Payables	- 758
Total balance of payments	2,720

Designation	1991	1992
Current balance of payments (millions of dollars)	400 (surplus)	200
Foreign capital influx (millions of dollars)	1,500	800
New establishments (millions of dollars)	730	NA
Foreign devaluation (percentage)	25	maximum 10
Gross indebtedness (millions of dollars)	21,700	20,500
Annual inflation rate (percentage)	35	25

**Kupa, Soos View Economic Situation**

92CH0400B Budapest FIGYELO in Hungarian  
5 Mar 92 p 5

[Article by ai: "Where Is the Bottom of the Pit?"]

[Text] "One or two laws required in a market economy are still missing," Finance Minister Kupa recognized at the MTA [Hungarian Academy of Science] Economics Institute last week, at a debate sponsored by the Naumann Foundation. His debating partner, Karoly Attila Soos from the SZDSZ [Alliance of Free Democrats] and chairman of the National Assembly Committee on Finances, Taxation, and the Budget, viewed this void as

a much graver situation, because, in his view, privatization has turned in the wrong direction, and state household reform may be accomplished in 1995, at the earliest. The government could hardly be expected to agree to take the many kinds of unpopular steps that accompany such reform prior to the elections. On the other hand, if left unchanged, the situation conserves the unstable economy.

This question has been raised: Could the ruling parties force out an unfounded temporary upswing that radiates an optimistic atmosphere just prior to the elections? In the finance minister's view an artificial upswing like this would lose steam in the course of six months, according to calculations, and for this reason he found it unlikely that politicians desiring such a change would come forth either in 1992 or in 1993. The finance minister was also more cautious than before about this year's prospects. He denied that he had ever called 1992 the year of upswing—he viewed an upswing as a "very iffy" possibility—and said that in an unfavorable situation the preservation of last year's levels would be the task.

Soos, on the other hand, regarded even this situation as impossible. According to his arguments, the 1991 recession continuously and rapidly deepened in the course of the year, and he said that average numbers were misleading because the economy had been in a far worse situation in December than what one would think based on averages. If the situation improves at all this year, such improvement could occur only in comparison to the low point that has been reached in December, i.e., one could be certain about a further decline, if calculated in terms of annual averages. This situation is particularly troubling because the budget has not been based on this assumption; the failure of collecting revenues threatens with an increased deficit, together with other damaging effects on the balance, on inflation, and on other factors.

**Minister, Budapest Mayor on EXPO '96**

**NGKM Minister Interviewed**

92CH0402A Budapest MAGYAR NEMZET  
in Hungarian 5 Mar 92 p III (Economic supplement)

[Interview with International Economic Relations Minister Bela Kadar by Andrea Kuczik; place and date not given: "The EXPO Also Establishes Confidence in This Country; Clearly, Direct Investments Produce Profits"—first paragraph is MAGYAR NEMZET introduction]

[Text] A successful EXPO '96 is going to strengthen confidence in Hungary and in Hungarian entrepreneurs, and further, the advertising value created by the EXPO cannot be compared to anything else. Confidence is worth more than capital, and as entrepreneurs know best: There is no business without confidence. This is one reason why I am pleased that a majority of the entrepreneurs supports the EXPO, and those previously opposed to it are increasingly changing their views,

according to NGKM [International Economic Relations] Minister Bela Kadar. We also learned from the minister that the life curve of the world exposition has entered into its third phase.

[Kadar] The first phase ended with the vote cast in parliament on 3 December 1991. By then a recognition of the common national interest had evolved, one that had been urged by the government and by Hungarian entrepreneurs, as well as by a majority of the people. As it turned out, efforts had been made to discredit the EXPO on the basis of economic arguments, and those who propounded such arguments never took into consideration the following essential matter: Organizing an EXPO could not be such terribly bad business at a time when the Hungarian entrepreneurial stratum—businessmen—strongly supports the idea of having an EXPO and when foreign interest is so strong that international forces vie for the right to organize the EXPO.

Accordingly, we have succeeded in enforcing economic rationale against persons who had been counter-interested from a domestic policy standpoint, and forces that were motivated by practical politics.

With tenuous, detailed work we brought together the two opposite poles that supported and opposed the world exposition, and thanks to that, on 5 December the Budapest government fought on our side in Paris for the EXPO.

I regard this international match as the second phase, and we have managed to get beyond that.

The starting position has not been encouraging, because the 12 December 1991 general meeting at Seville voted 25:12 against our request to register Hungary as the EXPO scene. Some foreigners made some absurd arguments to the effect that world expositions were the affairs of large countries with strong economies. Accordingly, we had to fight on several fronts in order to have ourselves accepted. Views gradually shifted in our favor.

At the Paris general meeting representatives of 14 countries rose to express their appreciation of Hungarian economic achievements, and during their January visit they personally witnessed and evaluated the preparatory work that had been performed in Hungary. All this has contributed to the final result of a 27:5 vote supporting the idea.

Accordingly, we have entered the third phase, preparing for the actual exposition. I could say that each day we learn more about how we should pursue our activities. We synthesize views and opinions expressed by many people.

We are establishing an organization that will manage the work throughout the period, based on the goals of the EXPO.

[Kuczak] Will there be foreigners in this organization?

[Kadar] This is a fair question because Hungary has been a closed country for decades and it has been unable to acquire a lot of experience regarding expos; we do not have too many experts in this field and therefore we must rely on international experts. We must also take into consideration that 1996 is going to be an important year not only from the standpoint of the EXPO schedule. In that year we also will be celebrating the 1,100th anniversary of Hungary's conquest. Accordingly, we have two great series of national events that coincide in time and that must be coordinated.

[Kuczak] The developmental work, the arrangement of the scene, is just about to start. What considerations will play a role in dividing the implementing work?

[Kadar] It is too early to make a specific statement in this regard, but the market does establish a certain ranking, by all means. By this I mean that the visitors will choose and select from among the supplemental events they want to see and will decide which parts of the country they want to visit. Just who will implement the various investments will be decided on the basis of tender bidding.

Returning to the subject of the EXPO's life curve, the fourth phase of operations will be the period between May and October 1996, followed by the closing period in which we will deal with the subsequent utilization of the EXPO facilities.

[Kuczak] At what point will you be able to assess whether it was financially worth organizing the EXPO?

[Kadar] Foreign advisers also believe that the expected 86- to 90-billion-forint investment can definitely be recovered. Accordingly, direct revenues will exceed direct investments. An EXPO must not be viewed as merchandise; therefore it is hard to deal separately with everything that is involved.

What we are experiencing is this: Sponsors have already stepped forward at the very beginning, and they will reduce the specific amounts we have to invest. The organization managing the EXPO will select the appropriate sponsors, some of whom will come from the Central-East European region. On average, any world exposition affects economies within an 800-kilometer radius. Post-expo utilization, which, for instance, includes the leasing of facilities, can only be assessed in the long term.

[Kuczak] How will the EXPO affect the NGKM?

[Kadar] This event sets the entire country in motion; therefore it would not be appropriate to view individual elements. Quite naturally, one could and should discuss such matters relative to those directly involved in implementation. Insofar as my own, passionate interest in the EXPO is concerned, I could say that I have supported the EXPO not only in my capacity as a citizen, but also as an economist at a time when no one knew that I would

become a minister. I did so because I felt that the EXPO was a simple way to introduce Hungary and Central-East Europe to the world.

Hungary's modernization and infrastructural development will accelerate as a result of the EXPO; this will improve Hungary's and Budapest's capital absorption capacity, and as a result a chain-reaction modernization will also accelerate in other parts of the country. Budapest's status as a world capital and Hungary's role as a regional center will gain strength. This is also essential because, as of now, international capital has not really decided in which Central-East European country it wants to establish its international headquarters.

The attractive force of work related to the various events is also important because this will not come to a halt overnight: It will provide an impetus to various development projects that reinforce each other and have a beneficial effect in every part of the country.

#### Budapest Mayor Interviewed

92CH0402B Budapest MAGYAR NEMZET  
in Hungarian 5 Mar 92 Economic/EXPO Section p III

[Interview with Budapest Lord Mayor Gabor Demszky by Vilma Komor; place and date not given: "Gabor Demszky on Budapest's Readiness To Receive the EXPO; Mayor To Recommend That the City Enter Into a Work Contract With the Government"]

[Text]

[Komor] Mr. Lord Mayor, responding to congratulations upon your return from the BIE [Bureau of International Expositions] meeting in Paris, you half-jokingly remarked that you felt like a father shaking hands with everyone while being congratulated on the birth of his child, but who knows that he did not father the child. In a more serious vein, you have unequivocally stated that you would do your utmost to render Budapest receptive and to appropriately prepare the city. What perceptions do you have regarding cooperation with the government so that in the end everyone is able to regard the EXPO as his own, sweet child?

[Demszky] The functions to be performed by Budapest flow from the provision of the World Exposition Law. The government is the organizer of the EXPO. Although the law does not prescribe functions to be performed by local governments, one can well define the participatory role and interests of Budapest and its districts, and the areas of cooperation with the government.

#### Legal Provisions, Real Estate

The government is clearly responsible "for the whole"; the BIE has asked the government to provide an appropriate guarantee. The Hungarian Government's responsibility extends all the way to the smooth functioning of the EXPO, until the EXPO closes. It has clear and exclusive responsibility for everything that happens

"within the fence." It is responsible for having exhibitors, for the EXPO to have an attractive theme, for having legal provisions that enable the organizing of the EXPO. Among the most important tasks of the government is the responsibility for giving effect to legal provisions that may contribute to finding the most efficient way to attract domestic and foreign capital, and to the unrestricted evolution of enterprise. The Law on Concessions, turning privatization in the appropriate direction and everything that encourages investments more than what we have seen thus far, falls in this area. These legal provisions are important from the standpoint of Budapest because between 80 and 90 percent of the \$1.5 billion must be received from private investors who supposedly will become our partners by turning their real properties located in Budapest into entrepreneurial ventures. One must be aware that even though most of the real estate involved is state owned, Budapest, as well as the 9th and 11th districts, is also going to be enterprise with real estate; they will participate in business partnerships as equal partners. We are waiting for these promises to be fulfilled, for entrepreneurs to invest private capital.

[Komor] Speaking of the obligations of Budapest, you have mentioned Budapest's readiness to receive and to operate an EXPO. What are the main fields of endeavor in this regard, and to what extent is it possible to reconcile these with earlier urban development concepts? Has any thought been given to reaping urban development benefits from that part of real estate owned by Budapest that appreciates as a result of the EXPO?

[Demszky] I would divide the functions related to our ability to operate and to receive an EXPO into material and intellectual tasks. The former includes public utilities, public transportation and traffic, and the enforcement of environmental considerations mainly within the future large construction site. Realization of endeavors to improve the cityscape is at least as important, with particular attention to values concentrated in the joint global heritage [as published]. New establishments, restorations that require great expertise and very much money, and real property owned by Budapest may also provide resources for this purpose. But these resources would become available not as a result of selling these properties, but by turning these into useful entrepreneurial ventures that could also perform public service delivery functions, such as health care, social welfare, and education.

#### Billions, Priorities

Most of the tasks coincide with everything contained in the Budapest development plan, and yet the question is whether conflicts arise as a result of lowering somewhat the priority ranking of these as a result of the world EXPO. Quite obviously, doing so may create conflicts, and therefore the ranking of priorities may become the toughest issue to be resolved.

[Komor] Could the 17 billion forints provided by the government be used as an advance to finance certain establishments for these purposes? In general: For what purposes can this fund be used, and how much of this fund is going to be made available to the city this year?

[Demszky] The entire amount of 17 billion forints guaranteed by the government must be spent on the local infrastructure, and this includes health care and even cultural purposes. In addition to that money we receive a certain amount to be expended on the Lagymányos bridge. They have allocated 2 billion forints of the 17 billion forints this year, but no decision has been made on how to expend that amount. There certainly will be a need for advances and we also have concerns regarding other aspects of financing.

Speaking of receptiveness: It is in everyone's interest that the estimated number of 10 million or 12 million visitors feel from the first day on that it is worth staying here, that they develop an interest in both Budapest and in the country. For example, we must provide a rich choice of cultural events that demonstrates and conveys our most treasured intellectual values. In addition, receptiveness presumes a kind of welcoming—not exclusionary—conduct vis-a-vis foreigners; a readiness, a cultured, friendly hospitable attitude, and this is true not only in regard to border guards, hostesses, cab drivers, door men, and waiters, but also from the standpoint of all our fellow citizens. And this includes the knowledge of foreign languages just as it does a high degree of organization, the linkage of individual service deliveries the way cog wheels work, so that visitors reach their destinations smoothly, enriched by positive experiences.

#### Daily Contact

[Komor] You have mentioned the need for a high degree of organization. Let us revert to our starting point:

cooperation between the government and Budapest. What kind of organizational structure do you have in mind?

[Demszky] We are waiting for the government to establish the appropriate organization to which we are able to relate. As soon as such an organization exists, we intend to recommend to the government that we enter into a detailed work agreement. This agreement would enumerate the various tasks, the respective responsibilities, the kinds of entrepreneurial ventures we should be joining, and the rest. We will establish our own team. We have in mind a small, coordinating group, because our various divisions are well suited to perform the added tasks related to the EXPO. We must have a very flexible organization. Its main function would be to channel things in the same direction, and what is most important: We must work together with the districts on a daily basis. I will note here that last Tuesday's mayors conference raised hopes because not only the directly involved districts made suggestions, but also the third, fourth, and seventh districts proposed a number of good ideas.

After entering into a work agreement we must establish daily contact with the government of course; to accomplish this, we must also establish the required organizational and personnel conditions. We must take part in the work of the World Exposition Council, but we regard streamlined, daily operational work between "the three," i.e., the government, Budapest, and the districts as even more important.

Finally, I would like to mention something that I feel is indispensable in the future: At this point we must set aside political battles and possible differences in viewpoints between the Budapest local government and the governments of individual districts. We must be intent on drafting the required provisions and preparing the needed plans by October, according to BIE recommendations, in order to enable the December BIE general meeting to adopt them without reservation.

**Post-Solidarity Left Moving Toward Coalition**  
*92EP0232A Warsaw ZYCIE WARSZAWY in Polish*  
*3 Feb 92 p 3*

[Article by Jerzy Wysocki: "On the Left Wing"]

[Text] On Thursday leaders of Labor Solidarity, the PPS [Polish Socialist Party], and the Democratic Social Movement planned the creation of a coalition of the post-Solidarity left. These parties suffered a sharp defeat in the parliamentary elections, managing to introduce just five representatives to the Sejm. Moreover, there is little to indicate that the left will quickly begin to enjoy political successes following the unification of the Solidarity forces.

**The "Left Leg"**

Lech Wałęsa has repeatedly suggested that it is necessary for a strong, serious social democratic party to exist. Speaking of the so-called left leg, he expressed his will to create a Polish political scene on the model of the Western democracies. The inevitable growth in the left's influence was also foreseeable, if one takes into consideration the socialized property structure and the social mentality carried forward from communist times.

The marginalization of the left (especially that part having origins in the opposition) must therefore be explained above all in terms of society's allergic reaction to leftism of any stripe, a temporary fascination with liberalism, and the authority enjoyed by the first two procapitalist cabinets. Were it not for that, the socioeconomic program of the left would have been realized earlier in Poland, regardless of the standard carried by those who brought the program about.

It is fitting to agree with Andrzej Malanowski (PPS) who as early as 1989 stated that Polish society rejects the leftism associated with communism, but in reality opts for measures typical of socialist manifestoes. Moreover, all sociological research explicitly confirms this thesis.

So far, however, the left-leaning anticommunist electorate has not really known whom to vote for. In the presidential elections, no candidate of a leftist orientation has appeared. And in the parliamentary elections neither the strongly intellectual Labor Solidarity nor the sorry for Solidarity Zbigniew Bujak presented an attractive or serious offer to the left's natural constituency. A considerably larger percentage of these voters stayed home than in other socio-occupational groups.

**Enemy or Ally**

Activists of the post-Solidarity left, more or less openly, declared their intention to deprive the former communists of their turf and to appropriate their constituency. The problem is that the "postcommune" electorate to a large extent is not the classical leftist electorate. It was not so much workers or peasants who voted for the Alliance of the Democratic Left but rather, as the statistics show, white-collar workers and the intelligentsia—

the vast stratum of people who were in some way connected to the old system but who nevertheless are in many cases prospering in the new order. These are not the proper recipients of slogans on the protection of Polish industry and the abolition of the "popiwka" [tax on above-the-plan growth of remuneration].

Effective competition with the postcommunist forces is and will be an immensely difficult task for the Solidarity left. All the more because time is not on their side. With the passage of time the social perception of a division between forces of the old order and those of the new will be obliterated. The "postcommune," not entangled even indirectly in responsibility for the suffering brought on by economic reform, may develop into an alternative that is more attractive than that which Bujak, Bugaj, and Ikonowicz present. It may also be attractive to those who have so far crossed off the "postcommunists" not in regard to their platform but exclusively because of the historical burdens of this group.

No one is in a position to foresee what shape the Polish political scene will take. An alliance of the post-Solidarity and postcommunist left, which is unrealistic today, may become a fact in a few years. After all, even now leaders of the PPS and the RDS [Democratic-Social Movement], while disavowing the SdRP [Social Democracy of the Polish Republic] as the heir of the PZPR [Polish United Workers Party], are acknowledging the possibility of cooperating with individual members of that party. Only the future will tell whether this potential alliance will be a voluntary political choice for the Solidarity left or a grim necessity.

**The Crypto-Left**

Recently, the Solidarity social democrats have been faced with increasingly strong and vexatious competition. It is comprised of groups that define themselves as center-right but actually promote leftist socioeconomic programs. These groups are the populist, demagogic KPN [Confederation for an Independent Poland], peasant organizations based on retribution and class, and also—though to a lesser degree—the ZChN [Christian-National Union] and the faction of the PC [Center Accord] inspired by the social teachings of the church.

The support of the Labor Solidarity Club during the birth of the "center-right" government of Jan Olszewski is the best proof that labels do not always conform to the substantive content of a program. It also shows how strong a turn to the left our political scene has taken, thereby broadening the list of parties prepared to defend the interests of working people and their unprofitable industries.

The general spread of leftist views on the economy and social questions puts the left wing of Solidarity in a difficult position. Its representatives can no longer horde its political capital so openly, exposing the ruining of the Polish economy by monetarists and dogmatic liberals. Some members of the "center-right" government are now saying the same thing.

Consequently, what is left to distinctly differentiate the left wing of Solidarity are ideological questions, particularly the left's relationship to the church and religion. The option in favor of a state having a neutral worldview or a state plainly excluding the church from public affairs may become a basic political theme for the Bugaj, Bujak, and Ikonowicz group. However, a radical demonstration of enmity toward the church—in the style of Andrzej Milkowski, for example—will surely push this group into the exotic fringes of political life. But a lack of radicalism will put it on ground occupied by the SdRP, the KPN, a portion of the UD [Democratic Union], and the KLD [Liberal Democratic Congress].

Consequently, given such complex and often erroneous divisions on the political stage, no clear picture of the prospects of the Solidarity left emerges. In time it may become the largest political force and effectively express the interests that dominate the world of wage labor. It may also—as has so far been the case—be of no significance in the political contest, yielding the field to the postcommunist left and the crypto-left.

According to some sociologists, procapitalist reforms are possible precisely because several competing groups, not just one, represent the interests of the oppressed. And so, in precisely this case, the proponents of consistent reform can see the fragmentation of the political scene as a positive phenomenon.

#### **Socialist Party Leader on Program, Coalitions**

92EP0250A Warsaw TRYBUNA in Polish  
15-16 Feb 92 p 4

[Interview with Piotr Ikonowicz, leader of Polish Socialist Party, by Artur Siedlarek; place and date not given: "We Are a Danger to the Elite"]

[Text] [Siedlarek] The PPS [Polish Socialists Party] Unification Congress was held in 1990. For the present, we can again add on a few PPS members....

[Ikonowicz] Of course it is important for us that the PPS be one, if only so that reporters would stop joking about this. To this end, we held a joint meeting between our Central Executive Committee and the Central Executive Committee of the Reborn PPS of Osobka-Morawski. There is still one group of activists of the older generation who cultivate PPS traditions. The PPS-WRN [Freedom, Equality, Independence] is a small group which is very much akin to us ideologically.

[Siedlarek] In your opinion, how does the socialist party differ from the Social Democratic Party? What sort of party is the PPS?

[Ikonowicz] The socialist movement cannot develop without democracy. After a break of more than 40 years, we must redefine certain concepts in conjunction with a completely new reality. To hark back to leftist programs and identities which have developed unfettered in the wealthy states of West Europe would be taking the easy

way out. We would like very much to live in a country in which it would be possible to simply be a Western social democrat who is trying to share the wealth in a just manner. But it is not possible in Poland to adopt automatically the formula of Western social democracy.

We are socialists because we consider ourselves to be a workers' party. At the same time, we believe that socialism is the consequence of a democracy taken seriously. It is democracy understood as the right and real possibility of all citizens to share in making decisions about their own fates. We believe that people who have this possibility will not make a decision over the long term which is harmful to themselves. They will make decisions in the spirit of social justice, for that is the main idea of socialism—democracy and social justice.

[Siedlarek] How do you assess the situation of leftists in countries emerging from the system of so-called real socialism?

[Ikonowicz] The major difficulty confronting the left in East Europe emanates from the fact that to date the leaders in those states who have been chosen democratically have, without thinking, set for themselves the goal of building capitalism as quickly as possible. This is a goal treated ideologically and if we are to take it seriously, then today we should send small children into the factories. The result of promoting the slogan of building capitalism will be that a small, privileged group will get rich in a gangsterlike fashion, that jointly earned assets will be destroyed and, finally, that the majority of citizens working for a living through their hands and wits will have their voice and influence over their own fates curtailed. In order to build ideological capitalism in as short a time as possible, it would have to be done against the majority's interest. And for the time being that is how it is being done.

[Siedlarek] The 100th anniversary of the creation of the PPS is approaching. Do you not think that this could become an opportunity for rapprochement between the Solidarity left and the left which emanates from the PZPR [Polish United Workers Party]?

[Ikonowicz] I think that if the left in Poland is to seek a common plane of action, then it is precisely in the case of the SdRP [Social Democracy of the Polish Republic] that I do not see that such a plane exists. The history of the SdRP is not the year 1892, but the year 1948. The SdRP will not divorce itself from its history and I think that it has no reason to do this. This is particularly the case since any attempt to recede in time and to skip a certain stage of history cannot succeed. This would be a sort of completely unnecessary manipulation. The idea that it will be possible to suddenly vindicate freedom-oriented, democratic socialism, which was born in Poland at the end of the 19th century, is a naive one; by the same token, people will forget that these same democratic trends of that society stifled certain groups over the years. If the SdRP wants to be a recognized

entity on the left, then it must stand decisively on the side of employee committees, which it has not yet done in a reliable and convincing way.

I think that in this direction we should seek that leftist identity which we hold in common, which will ensure that we shall find ourselves on the same side. That is yet to come.

[Siedlarek] What you are saying implies that past history certainly does not have priority significance for PPS-SdRP relations.

[Ikonowicz] Exactly. We are looked upon as a group enmeshed in history. Meanwhile, the PPS is developing and it is open above all to the future.

Our attitude to the SdRP has been shaped to some degree by the history of the last 40-odd years, but by a greater degree still by the stance of the SdRP in the Sejm during the previous term. At that time the SdRP voted the way Balcerowicz wanted them to vote. That Sejm, through the active participation of the SdRP, introduced a complete packet of antiemployee laws.

[Siedlarek] Then what similarities exist between the Solidarity left and the SdRP?

[Ikonowicz] I do not doubt that among the SdRP, perhaps even among its members, there are many people who selected that party because they did not see another strong group which uphold the leftist option. That is why I understand that there are people in the SdRP with sincere leftist convictions, who desire social justice and the equal distribution of the burdens of shifting to a market economy. We shall appeal to those people. We shall even desire to win over those people. That is normal competition between groups and we are open in that sense.

Of course, we are also linked together with the SdRP by other elements: our attitude to the women's question, anticlericalism and the like. Of course, we also hold in common the fact that we avow the leftist ethic. However, this must be converted into actions. I think, however, that despite our differences, some form of dialogue should exist, which will mean that perhaps this joint leftist identity will generally take shape.

[Siedlarek] Despite unification efforts, the PPS is still a party which has marginal importance....

[Ikonowicz] We are a party deliberately cast into the margin by political elites. We are dangerous for these elites as a socially credible group due to our roots and our participation in the opposition movement against communism. But the PPS is accepted by employee communities. At this time, we have fewer than 4,000 persons, but the party is growing. I would not measure the strength of the PPS in the number of members alone, but rather in its ability to influence various communities. The most dynamic part of the PPS today is the youth organization.

[Siedlarek] The election results of the PPS (zero mandates), however, speak for themselves....

[Ikonowicz] We made a serious electoral error when we entered into an alliance with Labor Solidarity in which we did not have equal rights. The PPS ensured the structure, a large part of the finances and the people to collect signatures and conduct the campaign. We worked on SP lists, and were not even mentioned by name during the central campaign. This error emanated to some extent from the complexities of the PPS itself. Some people believed that the word socialism was overly tarnished by the communists and that we should not endorse it yet. The election defeat was a major blow, but, in the first place, we did not quarrel and in the second, the party did not decline in numbers. This speaks of the inner strength of our group.

A party's financial condition has a great impact on its situation. We have a dozen or so offices in Poland which we work hard to maintain. We do not have the basic funds for the operation of the apparatus, and it is known that a party cannot function properly without any apparatus at all. Of late, however, work in the RSW [Worker's Cooperative Publishing House] Liquidation Commission has made much progress and we are a step away from gaining some small portion of the assets of the PPS which were confiscated by the communists. Many buildings which belong legally to us have already been distributed. If palaces are given to the Branickis today, then why should not workers' homes built from PPS member contributions be given away also? I am hoping that Prime Minister Olszewski will be more honest than his predecessors in this regard.

I must clearly emphasize, however, that the PPS feels that it is represented in the Sejm, since we worked on all five mandates in the possession of the SP Parliamentary Club. This engendered a certain obligation, which has already been repaid in part by our inclusion in the work of the SP Club. In this way, our voice in the Sejm will be at least somewhat heard in the Sejm.

[Siedlarek] There has been much talk recently of the possibility of combining the PPS, SP and the RDS [Democratic Socialist Movement] into one political organization. How far along is this process?

[Ikonowicz] That is prevarication on the part of the press. There is no desire to combine, especially since the mechanical unification of weak groups can only impoverish the political scene and inhibit the creation of that critical mass which is indispensable for the creation of a strong bloc of employee groups.

[Siedlarek] Are you saying that there has been no talk of creating one party?

[Ikonowicz] Absolutely. Nor has there been any discussion about a name. No such idea has surfaced. The whole affair with the Labor Party was a kind of false start, a big misunderstanding. We found out about it in the newspapers. On the other hand, when the discussion stage was

reached with SP and the RDS, what was created was a concrete thing—the Cooperation Committee of the three separate groups. After a 100-year history of the PPS, as we prepare for the next 100 years, it would be unwise to liquidate the party.

[Siedlarek] Is the Cooperation Committee also open to other groups?

[Ikonowicz] We as the PPS would not like a closed "club of the three" to be created. We have much work to be done, as far as a program discussion among us is concerned, but I believe that broader communities should take part in this discussion. Our task is to reach that 60 percent which did not come out for the election and to give them faith in the idea that they are in a position to make use of the mechanism of parliamentary democracy in order to protect their own interests. People do not have such faith as yet and if we are not in a position to give it to them, we shall lose. Even if we create one party which would be only a sofa-full.

[Siedlarek] Thank you for the interview.

**[Box, p 4]**

Piotr Ikonowicz (age 35) is a lawyer by training and works as a journalist and translator. He was interned during martial law. He published the magazine ROBOTNIK in the underground. In 1987, he was a founding member of the PPS. After the breakup in the party, he became the head of the PPS-RD [Democratic Movement]. At present he serves as a chairman of the Central Executive Committee in the unified PPS.

**Government Outlines Privatization Options**

*92EP0242C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
15-16 Feb 92 p I*

[Article by A.K.K.: "Whole Shares or Partial Shares"]

[Text] The interest in universal privatization took a sudden jump recently. This was attributed to the options outlined by the government for the allotting of shares to the populace and the methods for buying and selling them, as presented by the ministry to the Sejm Commission on Ownership Transformation. Thursday's meeting of the commission was devoted only to the presentation. The deputies have not yet voted on who will be given shares, or whether we will receive them free, partly free, or have to pay for them entirely.

As reported by director Jerzy Thieme from the Ministry of Ownership Transformation, the government's representative on universal privatization, an options draft law

is just being prepared. After it is accepted by the government, it will be submitted to the deputies for their verdict.

During the presentation of the proposal, some new concepts were introduced into the program: partial stocks, whole stocks, and shares in the entire program. Let us attempt to explain their meaning.

Enterprises transformed into companies will have their own stock, regardless of whether their privatization were to take place through universal privatization or not.

Every person entitled to receive shares will get one "PPP Share," in the form of a bearer certificate, fully safeguarded against counterfeits, better than money in this case.

This share will represent "pieces," i.e., partial stocks of all National Investment Funds. The point is not to create a situation in which one person would receive an allotment to a larger, better operated fund, while another person would get one that was not as good. This means that every fund must have as many partial stocks as there are individuals entitled to receive shares.

If an individual does not want to, or does not know how to play the market, he can hold his share. Its value will grow or shrink as the value of the assets of the investment funds grow or shrink. This certificate can also be deposited, just as stocks of stock exchange companies now are, in the National Securities Depository. It can also be given to someone as a gift.

If an individual wishes to try to buy and sell stocks, he will first have to go to a bank where his share will be "broken down" into partial stocks, i.e., he will receive a sheet of coupons representing the National Investment Funds. (A "PPP Share" also represents these stocks, but it is a single, indivisible document.)

Now comes the stage when we examine our options. Either we will sell, in banks, the stocks of the particular funds: A, B, C, D, etc., and in return buy the partial stocks of a single, selected by us, fund X, until we have a whole stock of this fund (at which point we can, as its owner, wait for a dividend from this fund, or sell it on the securities exchange market where all of these stocks will be quoted).

It is possible that, at least theoretically, every one will want to tear off the partial stocks of the funds and buy and sell them, but this may result in a flood of a million small stocks of minimal value on the capital market, which, according to those who conceived the idea, would bring the operations of the stock exchange to a halt. Furthermore, the entire sales transaction of a partial stock would produce a zero profit, if the broker's fee is taken into account.

That is why elsewhere, and in Poland also before the war, partial and whole stocks were decided upon, and only the latter could be the object of a stock exchange transaction.

### 1992 Monetary, Credit Policy Outlined

92EP0242B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15-16 Feb 92 p I

[Article by P.A.: "What Kind of Monetary Policy?"]

[Text] Money supply this year should be really 6.1 percent higher than last year. Domestic money supply will rise 7.3 percent. The speed of money circulation measured by the ratio of national income divided to money supply would stay at last year's level. There would be a modest reduction, approximately 10 percent, in foreign reserves in the banking system. The net credit from the banking system for the budget (i.e., for the budget of the state and the gminas) would total 55 trillion zlotys [Z]. Credit for the economy and the populace (together with capitalized interest) would total approximately Z80 trillion and would be actually higher by slightly over three percent.

The basic interest rate of the central bank will be the rediscount rate. Changes in it should be made in a way so as to ensure the maintenance of a positive rate of interest in intervals of at least a few months. "The relationship of the value of domestic currency to foreign currency should be kept at relationships close to those of the starting point," i.e., the end of 1991. The policy of a gradual devaluation of the zloty has been envisaged.

This is the most important information from the "Assumptions of Monetary Policy for 1992," which is being prepared by the National Bank of Poland (NBP). Although the final version has not yet been prepared, no basic changes in the document should be expected. NBP promises to continue an anti-inflationary policy and to protect the zloty in relation to foreign currencies, defining these as the goals of monetary policy. It will also exert its influence on banks to persuade them to support restructuring activities by withdrawing credits from enterprises which are not expected to recover their creditworthiness and by assigning the funds that have been freed to firms which have a chance at obtaining a position on the domestic and foreign market. To ensure the safety of deposits, the solvency coefficient of banks established after 1989 should be at least 8 percent (that is the European standard), and for the remaining firms it should be higher. NBP promises that should the threat of an inflation higher than that envisaged appear, the policy of shaping the money supply will be modified so as to not only adapt to the economic processes, but also shape it in the direction of a further reduction in inflation and recovery from the recession. Thus if higher inflation becomes a threat, this will not mean that more money will be funneled into the economy.

### Resolution of Economic Policy Conflict Viewed

92EP0243A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15-16 Feb 92 p I

[Article by P.A. and P.J.: "After Four Days"]

[Text] The government deliberated over the assumptions of socioeconomic policy and the expanded draft of assumptions of the budget. By late afternoon there still was no final version of the assumptions of socioeconomic policy and probably the members of the government did not get the document until they were in the meeting hall. After making some final editorial corrections, the document is ready for submission to the Sejm. Minister Eysymontt said of it that it assumes the application, already this year, of important antirecession decisions while retaining the achievements of a stabilization policy.

Work on it went on for "four quiet days," which is what the prime minister asked for on Tuesday. As we learned unofficially on Thursday, no joint Ministry of Finance and Central Planning Commission team was appointed, however Prof. Stanislaw Gomulka, adviser to the minister of finance, participated in the work on the assumptions of socioeconomic policy. This can be confirmed by his article in the latest issue of the weekly, POLITYKA, in which the theses which can be found in successive versions of the assumptions, are laid out.

Based on available information, it may be assumed that in the final days there were some problems both in defining the amount of the permissible budget deficit (4.5 or 5.5 percent of the gross national product) and how it will be financed (how much bank credit, if outside of the banking system), the dividend rate (10 or 22 percent), and certain details.

A separate problem is how, in planning the budget, to implement the assumption of keeping the budget deficit at a level close to the 5 percent of the national product. The expenditures which can be financed within the 370-390 billion zloty [Z] range are much lower than expectations. The ministries have certainly submitted well over Z500 billion and simple reductions of expenditures did not have to bring them down to the expected level. It can be assumed that limiting them to the "last" Z40-50 million will be most difficult. To close a budget which is already saddled with a dangerous deficit it will be necessary to apply such solutions as a limitation on wage growth and employment in the budgetary sphere, and a reduction of payment to persons taking advantage of various forms of state assistance. Undoubtedly the assumptions of socioeconomic policy will bring some proposals in regard to this.

It can be concluded from unofficial information that the positions of the interested institutions gradually became more alike. Questionable solutions, or solutions which for various reasons were impossible to apply, were eliminated. But it is not clear whether, if only because of the way the work proceeded, detailed calculations were made of the financial effects, positive or negative, of all of the proposals and determinations written into the assumptions of socioeconomic policy. The lack of these data may make work on the budget even more difficult. Also, at least on some questions, the assumptions may turn out to be very broad, but this will make it possible to flexibly plan the details of the budget.

The deputies are supposed to see the budget on Saturday. A press conference has been announced for Monday, at which Prime Minister Olszewski and Ministers Eysymontt and Gruszecki will be present.

During a separate part of the meeting, the government authorized the minister of foreign affairs to submit to the president a motion to ratify the so-called interim agreement signed on 16 December in Brussels between Poland and the EEC and the European Coal and Steel Community. The agreement relates to putting the decisions pertaining to Poland's trade with the EEC into effect more rapidly.

### **Policy Clash Over Economic Theses Reported**

*92EP0243B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 17 Feb 92 p I*

[Article by P.A.: "Government Acceptance of Economic Policy"]

[Text] On Saturday, the Sejm deputies became acquainted with the "Assumptions of Socioeconomic Policy," which the government had approved the day before. According to some inside information, confirmed by a reliable source, a controversy arose between Ministers Eysymontt and Lutowski at the government meeting. The official communique states that only editorial corrections were made to the documents prepared by the Central Planning Commission (CUP).

It is an open question as to whether Minister Lutkowski will decide to continue his work in the government, given this situation. It is possible that he will resign.

Presumably the disputes concern the following issues: reducing the dividend to 10 percent, the size of the budget deficit, provisions regarding minimum prices in agriculture, the policy on official prices, tax relief and preferential credits for agriculture, and the appropriation of receipts from privatization.

The assumptions of socioeconomic policy total 30 pages. They state that the store of instruments which can be utilized in economic policy in 1992 will be limited due to the state of public finances and the high level of costs in the economy. The assumptions proclaim that during 1992-93 an effort will be made to make "a larger arsenal of interventionist means available in economic policy."

Below we present some of the solutions proposed in the assumptions. They will be form the basis of the final budget.

### **Tax Policy**

The income tax rate will be 40 percent in 1992, 35 percent in 1993, and 30 percent in 1994. On 1 July of this year the tax will be reduced for enterprises which begin operations in gminas which have an exceptionally high unemployment rate. Further reductions will be made as the state of the economy improves.

Beginning 1 April, the tax collection base will be expanded and sales tax rates will be raised, which will make it possible to keep the budget deficit at no more than 5 percent of the gross national product. The monopoly of the treasury on sales of alcohol, tobacco

and liquid-fuels products will be restored and an excise tax will be imposed on some goods. On 1 April, a high sales tax on luxury goods will go into effect.

Exporters will receive a refund of sales taxes (in the future this will be a value-added tax (VAT), with the exception of exporters of nonrenewable raw materials.

It is proposed that beginning 1 July the dividend amount to 10 percent of the initial capital.

### **Income Policy**

Beginning 1 April, the norm of wages figured into costs and on which an "above-norm wage tax" is not applied, will grow by 0.2 percent of the consumer prices and services growth index monthly and by an additional percentage per quarter or successive months, as determined by the Council of Ministers. In the second quarter, this additional untaxed growth will be 2 percent.

Wages included in costs above the taxation norm will be taxed as follows: where the norm is exceeded up to 3 percent, 100 percent tax; over 3 and up to 6 percent, 200 percent; over 6 percent, 300 percent tax. In 1993, the rates will be lower.

In enterprises in which the above-norm wage tax is assessed and which in 1991 show a gross loss beginning in the second quarter, the increase to the exempt norm will be 50 percent of the increase which ensues from the general rules; in a case where the gross loss remains in the first six months of this year, these firms will be put under a board of commissioners the last six months and will be liquidated or sold.

Beginning the third quarter in commercialized enterprises, tax payments will be reduced 25 percent, and for exporters, the reduction in the "above-norm wage tax" will be 0.5 percent of the assessed tax for every 1 percent share of export in the amount of total sales.

As regards payment of prizes and bonuses out of profit, payments up to 25 percent of the wage fund included in costs are subject to 100 percent tax, and those above 25 percent will be taxed on a sliding scale from 200 to 500 percent.

It is envisaged that in 1992 the ratio of the average wage in the budgetary sphere to the average wage in units subject to settlement-of-accounts will not be lower than that obtained in 1991.

Work will be begun on creating insurance funds (mainly from employer premiums) guaranteeing the payment of minimum wages in organizational units which are bankrupting or are being liquidated.

In the retirement-pension benefits system, a twice-a-year recomputation of benefits is envisaged. The threshold of entitlement to recomputation will also be raised. Early permanent retirement benefits will be reduced in proportion to the number of years lacking for statutory retirement and benefits will be increased in the case of later

retirement. The bases for the retirement of persons employed in special conditions or performing work of a special character will be checked. There will be a closer connection between disability benefits and the actual degree of inability to work.

In the sick-benefits system, an employee out sick for five weeks will be entitled to commensurately reduced wages, financed by the employer. After 36 days, the sick benefit will be paid out of social security.

The existing family-benefits system will be changed to a social (security) system and entitlement to benefits will depend on the amount of income in the family.

#### Price Policy

Beginning 1 April, prices of energy, medicines, rents, tariffs, radio, and television user fees, will rise gradually each quarter depending on the growth of consumer prices in the previous quarter. The indicator will be lower than the general price indicator.

As part of the operations of the Farm Market Agency, a system of guaranteed minimal market prices on wheat, rye and milk, will be put into effect.

#### Credit Policy

As regards investment credits initiated as part of special lines of credit to finance ventures promoted by the government, the possibility of an interest-capitalization system is envisaged.

Credits for investment in agriculture will bear interest amounting to half the rate of refinancing credit, with simultaneous recomputation of the sums of credit by the difference between this rate and the commercial rate.

For medium-term credits for housing construction a fixed interest rate is proposed amounting to half the refinancing credit, with recomputation of the credit by the difference between this rate and the commercial rate.

To repay real estate mortgage credit, the maximum share of installment payments in household incomes will be determined, with recomputation of the debt according to the market rate.

Beginning 1 April, state enterprises which are operating at a loss must issue promissory notes on newly drawn obligations and replace overdue bills with notes.

#### Export-Oriented Measures

In 1992, enterprises in which the share of receipts from export is not less than 30 percent from sales of goods and services, will be commercialized. The scope of commercialization can be extended to other exporters who are in favor of it.

Parent agencies giving consent to the creation, by domestic economic organizations, of companies with foreign capital, should take note of the technical value of

the projects and their importance in the development of competition in the economy.

Amortization of credits used before 1990, partial exemptions from the dividend, the granting of government guarantees for foreign credits, the restructuring of debts to domestic organizations, will apply primarily to producers who can prove that they are export-oriented and can, in the future, be competitive on foreign markets.

#### Ownership Transformation

First of all, the government is committing itself to solve the problem of reprivatization (indemnification in capital certificates which are covered by a separate fund of property components or in kind, if the property can be separated without disturbing the functioning of existing units).

An ownership transformation chart will be prepared describing what, when and how to transform ownership.

A program of universal privatization (approximately 400 enterprises) is being implemented according to schedule and will be linked with capital-supplied retirement funds and the establishing of investment funds.

At least eight to 10 public offers will be prepared.

By way of capital privatization, 30-40 enterprises will be sold.

The privatization, or start of privatization, through liquidation, of 400-600 firms is envisaged.

#### Railroads Fail To Comply With World Bank Terms

*92EP0242A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Feb 92 p II*

[Article by Danuta Frey: "Know How To Take the Money"]

[Text] The Polish State Railroads (PKP), mainly, and the Ministry of Transportation and Navigation, had to pay over \$500,000 last year for not making use of World Bank credit. That is precisely the amount of the fees assessed for the bank's readiness (0.25 percent on the loans made available but not taken). Also, because the ministry did not provide for payment of these fees in its planning, the money had to be "removed" from other tasks. The railroad handled the matter differently—it simply added the fees to total operating costs, thereby adding to its deficit.

In the opinion of the Supreme Chamber of Control (NIK), when the credits made available by the World Bank and the European Investment Bank for our disposition were negotiated, some "basic errors" were made. This led to a situation in which, despite the fact that the credits were not used, considerable costs by virtue of fees for the readiness of the banks to pay out the loans,

continue to be sustained. So says Andrzej Witkowski, assistant director of the NIK Transport, Navigation, and Communication Group.

There are more reasons to be critical. Already in January 1990, the World Bank declared its readiness to grant credit assistance for modernization of Polish transport. As a result of negotiations, two loan agreements were concluded in June 1990. But the World Bank imposed many concrete technical, economic and organizational conditions in the agreements. The Polish side agreed to improve its balance sheet and economic relationships in PKP, to reduce subsidies on passenger transport, and to obtain specified technical-operational indicators. A financial contract was also concluded with the European Investment Bank for 20 million ECU's [European Currency Units] (approximately \$20 million), earmarked for the Railroad Rolling Stock Repair Shops.

Meanwhile, an inspection by NIK showed that Poland is not adhering to the terms of the agreement. Of the credits totaling \$174 million for implementation of the first transport project, scarcely \$16.1 million has been used, i.e., not quite 10 percent. PKP, for whom the largest sums were earmarked (97 percent of the total amount), was able to spend scarcely 2.52 percent of the funds put at its disposal.

The credits had been granted to PKP as a whole, in its former legal structure. Meanwhile, in the third quarter of last year, i.e., a year earlier than had been agreed upon in the first transport project, the railroad's technical-facilities shops were made separate. As a result, now being autonomous units, they could not take advantage of the credits granted to PKP because they were not a party to the agreements, and yet half of the funds had been earmarked specifically for them. Thus far, PKP has not come to an understanding with the World Bank on the principles of "reloaning" credits to newly arising enterprises. Nor have disputable questions between PKP and these enterprises as to the principles of use and repayments of credits been settled.

PKP is not fulfilling the conditions imposed by the World Bank. Instead of a reduction, to which they agreed during the negotiations, there has been a large growth of costs in PKP. This was caused by, among other things, a decline in receipts due to a drop in haulage, a growth of various types of energy fees, and a revaluation of fixed assets, which had not been taken into account (just as the above-norm wage tax) in the agreements signed with the World Bank. Therefore, bringing costs in line with receipts became unrealistic, as did the discontinuation of

subsidies to the railroads at the time agreed upon in the credit agreement, i.e., beginning in 1993. The railroad is not suspending haulages and is not liquidating—primarily for social reasons and due to the resistance of local authorities—the unprofitable sections of railroad lines. And this is what the World Bank demanded of us.

Fear that under these conditions it may be difficult to pay off its credit obligations is holding back the PKP from getting involved in any loan commitments. But under the existing situation there is the danger that the World Bank will suspend or even cancel the credit agreements concluded with PKP. The assurance that credits to the railroads will be continued is conditioned upon the achievement during 1991-95 of the agreed-upon economic and operational indicators. Yet in view of PKP's limited financial capabilities, the indispensable modernization of railroad transport is impossible without the credit assistance of the World Bank. In addition, as stated in the beginning of this article, we are burdened with large fees by virtue of the "bank's readiness."

NIK's inspection results show that all of these problems have to be solved as quickly as possible. They should be solved by both the borrowers and the Ministry of Transport and Navigation and the Ministry of Finance—the guarantor in the name of the government of Poland that the credits borrowed will be repaid. In its inspection report, NIK states that under the present circumstances there are no real indications that the requirements of the World Bank can be met insofar as the implementation of the first transport program is concerned, and mainly the requirement that railroad expenditures not exceed receipts. It suggests, therefore, "that realistic terms for utilization of foreign credits be negotiated with the World Bank as quickly as possible." It is chiefly a case of renegotiating the relationship between costs and receipts in PKP and the operational indicators in the railroad transport organizations, to bring them to the level ensuing from the current situation on the domestic and international transport market. It is also a matter of establishing the terms for "reloaning"—to the newly formed enterprises which have been separated from the PKP structure—the credit made available by the banks for the implementation of investments in railroad transport. PKP must strive to reduce costs by eliminating unprofitable sections of railroad lines, eliminate uneconomical work at shunting yards, and liquidate locomotive and car shops and other elements of the technical infrastructure determined to be superfluous during the preparation of a new organization and technology for transport.

**Macedonian Daily Interviews Pro-Yugoslav Official**

*92BA0534B Skopje NOVA MAKEDONIJA  
in Macedonian 8 Feb 92 p 15*

[Interview with diplomat Ivan Toshevski, a member of Macedonia for Yugoslavia, by Aleksandar Sholyakovski; place and date not given: "Never Enough Rights"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] It would be unrealistic to claim that some people have a great many or enough rights because any acquisition of rights means looking forward to even greater rights. Actually, this is the essence of the development of human rights.

The issues of minorities and human rights and their advancement are the main issues facing mankind at the end of this century. The breakdown of Yugoslavia raised, among other things, precisely this as a main problem: the status of minorities and their rights.

Ivan Toshevski, a diplomat, has been dealing with these problems for quite some time. For many years he has participated in the work of various forums and worked for the United Nations as an expert in human rights. Toshevski is also a member of Macedonia for Yugoslavia.

[Sholyakovski] It is frequently and even most frequently being said, when dealing with minority problems and civil and human rights, that in our country such issues should be resolved by taking Europe as an example, by following European or global principles. However, it seems that very little is known about what they are, which principles should be adopted, and the fact that they are being subjected to a great deal of manipulation.

[Toshevski] We must first see what advances have been made so far and how such issues have been resolved in the past 20 to 30 years. We have now entered a stage in which everything is being criticized, in frequent cases justifiably but also quite frequently absolutely unjustifiably, for which reason, over a period of two to three years, there has been a great deal of unfair criticism about the status of human rights in Yugoslavia, particularly minority rights. Considered from the global viewpoint, I can responsibly say that, after having worked for 10 to 15 years in that area, in various United Nations committees and in other organizations, our reputation is quite high. According to some statistical comparisons, from the Western point of view, we are on the level of Western Europe, North America, and Australia. As to the status of minorities, which is part of human rights, we have always been at the top in terms of both constitutional and legal resolutions and practical terms, so that a large number of official UN documents cite Yugoslavia as an example of the way such relations should be handled....

[Sholyakovski] It is being increasingly said, in the course of pluralization processes and the release of a variety of

"energies," that in our country minorities are being "given excessive rights," for which reason we should revise them.

[Toshevski] When I speak of rights, I never speak of greater or lesser rights. Having certain rights is a very relative matter. It is a matter of development, so that one can never say that there are excessive rights. Actually, it would be more realistic to say that there always are fewer rights than desired. The moment a person acquires a certain right, he begins to look forward and considers the new right insufficient. This is actually the essence of the development of human rights. Today, for example, Western Europe is the champion of human rights. Looked at historically, at the way such rights have developed over the past 100 years, we see that they have been steadily and gradually acquired and are still being steadily acquired. That is why one should never speak of too many or too few human rights and say that no further rights are needed.

[Sholyakovski] It looks as though the world is being restructured. Increasingly, universal abstract rights and freedoms are turning to individual areas, to individual rights and freedoms.

[Toshevski] As I see it, this has always been a parallel process. On the one hand, we have a, so to say, globalization, a development that is increasingly acquiring universal standards, and, on the other, we have a process through which both individuals and some groups, which includes ethnic groups and therefore ethnic minorities, are becoming increasingly important. Both are becoming more important. Initially, they may seem to be clashing, but, essentially, they are interconnected. The adoption of these universal principles shows a trend toward depersonalizing the individual technologically, culturally, and historically. That is why both individuals and groups are opposed to such depersonalization and the reason that, in the past 30 to 40 years, there has been, on the one hand, the appearance of such global communities and, on the other, the manifestation of a kind of ethnic identity which did not exist as late as the 19th century. This process will develop, and, as one may already note, some global communities and states will either break up or become federations. Along with this, the respected liberal concept of some kind of centralized unitarian and sovereign state in Western Europe is beginning to vanish, as well. Look at America. I have noticed that, over the past 20 years, there have been a tremendous breakup of unity in American life. Thus, today in the United States, tremendous attention is being paid to ethnic, racial, and other minorities, and such efforts are being financed by the state.

[Sholyakovski] In our country, however, the opposite is happening. The trend is toward a uniform state, based on an old concept.

[Toshevski] We must take into consideration the length of time over which such processes take place. It would be

interesting to remember that, before the French Revolution, 200 years ago, there were many minority institutions and newspapers in France. After the revolution, they were abandoned. Napoleon prohibited all such institutions and newspapers, and the only press that was allowed was the French press. In the United States, prior to its independence, there were various Dutch and Swedish communities, with their own churches and associations. It was believed at that time that, in the United States, independent states would be formed, as in Europe. However, the United States developed as a single state that recognized no ethnic minorities whatsoever. Such was the case, to a greater or lesser extent, in all European countries. If we had been founding a Macedonian state two centuries ago, we would most certainly have done the same thing. But we are founding the state now, after this basic concept has already been amended in the West.

[Sholyakovski] However, the same kind of trends, based on the 19th century model, may be discerned even in our government. The supporters of this concept say that some processes should be "experienced."

[Toshevski] To experience this, mentally and intellectually, is one thing. Life, however, is something tangible, although some people would like to go back to the 19th century even though our society is now at the end of the 20th. That is why we want to be consistent with reality. Western Europe was not leading in defending minority rights. Nonetheless, for the past 20 years, it has provided the strongest protection of minorities. I remember that some 15 years ago, when Yugoslavia submitted a declaration to the UN on minority protection, the greatest opposition came from Western Europe.

[Sholyakovski] On the other hand, we see among the minorities themselves a regressive concept concerning their own problems. They are trying to solve their problems not in the spirit of our times but in that of the past.

[Toshevski] The problem lies elsewhere. The actual problem of the Albanians, at least as far as the Macedonian state is concerned, is that they are unwilling to recognize that here they are in the minority. Therefore, we are not arguing about the extent of such rights. The real problem is that they consider themselves a nation, a constitutional state and people, a separate group and believe that a state does not consist of individual citizens but of groups. If this concept is accepted, it would mean that Macedonia would consist of Macedonian, Albanian, Turkish, and Gypsy groups. The problem is that this concept is not applied anywhere else in Europe or in the world. Europe has adopted the concept of the citizen as the basic cell of the state.

[Sholyakovski] Does the citizenship concept provide all opportunities for identifying those affiliated with specific groups?

[Toshevski] Absolutely! All possibilities exist and are open in a society based on such citizenship principles.

[Sholyakovski] Why then are demands being made for autonomy and such?

[Toshevski] In this area, there is some confusion. Autonomy does not provide a solution to minority problems. The solution, once again, rests with the citizen. The citizen of a state may live under different conditions and has the right, according to all conventions, to participate in public and political life, and the more independent and free he is, the more of a citizen he is. Unrelated to this is the fact that autonomy is a solution that, within the limits of a specific state structure, gives this individual a right not to be a citizen of the state or to participate in drafting the kind of laws and regulations that directly affect him. That is why autonomy should not be linked exclusively to minorities because, of late, autonomy has been increasingly considered throughout the world and in Europe as one of the best solutions to minority issues. That is precisely because it begins specifically with the individual. As an individual with some ethnic characteristics and specific needs to preserve, let us say, his language or identity and so on, he knows best how to manage his own affairs. That is why it is believed that autonomy is one of the solutions that would provide an ethnic minority greater scope for preserving its identity and pursuing some goals (schools, education, and so on) in accordance with its interests. Therefore, demands for autonomy should not be considered as being a specific feature of a minority but as a practical solution that, in frequent cases, is adequate.

[Sholyakovski] Does this not threaten a given minority with living in a ghetto?

[Toshevski] This may or may not be the case. Autonomy per se, as a solution, does not mean this. There have been cases in which some groups either have been rejected by society or have excluded themselves from society. At the present level of development in our country, as well, some groups live in ghettos. For this reason, they cannot have autonomy. The ghetto is a phenomenon related to communicating among specific groups the possibility of emancipation, and so on. An example of the highest degree of autonomy is that of the Swedes in Finland, those who live in the Aland Islands. In their case, there is no ghetto whatsoever, and the Swedes are so deeply involved in Finnish life that we could speak of anything but separation in a ghetto.

[Sholyakovski] The problem of the Albanians in Macedonia is further complicated by the support they receive from their homeland—Albania. Is the statement by Minister Ilir Bochka concerning the rights of the Macedonian minority valid?

[Toshevski] The condition that was mentioned by the minister presents no dilemma to us. Should we adopt European standards or Albanian standards for Yugoslavia but not for Albania? The minister says that the Albanians should be an independent nation in Macedonia. However, he does not say the same about Greeks in Albania or Macedonians in Albania or any other

minority. It is easy for him to speak of a single solution applicable to Macedonia only. The adoption of this concept would mean that Macedonia would be a state consisting of individual groups and not of citizens. We, however, have adopted a different European model, which, in practical terms, means that Albania will never recognize us. This is made apparent by the minister's statement. From the start, we adopted the European concept and have been supported. In practical terms, as things stand today, Macedonia will never adopt this Albanian concept.

### Goals of Macedonian League for Democracy

92BA0534A Skopje NOVA MAKEDONIJA  
in Macedonian 6 Feb 92 p 5

[Article by J.K.: "Sharp Attack on the Macedonian Government"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] According to the leader of the League for Democracy, the main problem of Macedonia is that it has an irresponsible government consisting of people who neither are pragmatic nor have any managerial skills. The League for Democracy demands new elections.

Mr. Nikola Klyusev, the Macedonian prime minister, recently criticized the League for Democracy on television for having no interest in assuming power and being afraid of participating in resolving the explosive problems facing Macedonia. I deny, he said, that the League for Democracy has accepted an official invitation from the government and that its deputy chairmen have been offered high positions in the government. Actually, Marjanovic admitted to the journalists that a high position in the area of social policy had been offered to Aleksandar Tortelevski, a member of the Executive Committee of the League for Democracy.

Slavko Petrov, an Executive Committee member, reminded the party that the decision of the Macedonian government to collect more money by increasing power rates was both illegal and unseemly. The government does not have the right to take such actions. In all likelihood, this will be determined by the Macedonian Constitutional Court, in response to the demands of the citizens for a refund. On the sale of Toyota cars, Aleksandar Tortelevski, a member of the party's leadership, said that efforts are being made to prevent the breakup of monopoly organizations, an example of which is Makedonija-Tabak. According to Tortelevski, that organization should have imported medicines and not motor vehicles, which it was forced to sell to members of parliament and of the government so that they would not vote in parliament against the breakup of monopolies.

Macedonia's main problem is that it has a strong but irresponsible government, Emil Anastasov, a member of the Executive Committee of the League for Democracy, believes. It includes people who either did not take part in the elections or are part of the old system. The

absurdity of the situation is enhanced by the fact that the government calls itself a government of experts, yet it consists of people who are neither pragmatic nor have managerial skills. Speaking of the privatization program, Anastasov noted that, although the idea of Minister Jane Milyoski is yielding good results, privatization cannot be successful because it is being excessively dragged out. Gyorgi Marjanovic, president of the League for Democracy, explained that, before undertaking privatization, the government must first drop all improper court cases that had been ideologically motivated and return the confiscated property to its previous owners rather than privatize it by issuing shares. An honest government cannot claim to be honest or carry out an honest privatization before denationalization, Marjanovic believes.

The government neither wishes nor has any reason to ask parliament for a vote of confidence. We also have the example of an opposition such as the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], which did not withdraw its ministers from the government and keeps supporting with its vote all decisions made by it, Marjanovic pointed out.

### Macedonia's Electoral System, Parties Analyzed

92BA0593A Skopje NOVA MAKEDONIJA  
in Macedonian 21 Feb 92 p 2

[Article by L. Kitanovska: "Those Who Did Not Understand the Majority System Lost!"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] It takes a great deal of skill to apply the so-called oasis system in nominating a candidate in an area where his victory would be almost assured. This was what enabled the PTsERM [expansion unknown; probably Alliance of Reform Forces for Macedonia] to have its nominees elected to the parliament, while the National Party [National Party—Movement for All Macedonian Action] MAAK [expansion unknown] and the Workers Party were unable to enter parliament because their electoral campaigns covered the entire territory.

After a full year of work, a study of the first multiparty elections in Macedonia was recently completed. It was prepared by Dr. Panajotis Tsakirpaloglu and Dushan M. Verich, from the Institute for Sociological, Legal, and Political Research, and all that remains to be done now is for the study to be printed so that we may have an interesting scientific work. The very concept of the study is such that it leads to interesting questions both from the point of historical documentation and as a "barometer" of the situation that could develop in the next elections. In other words, as the authors state, their purpose was to bring forth strictly scientifically substantiated statements and not engage in the least in forecasting, although we cannot ignore the impression that we are dealing here with an exceptionally significant document and, above all, a document pertaining to political parties of the present and the future, and also with parties that became

infected with the virus of politics. This study unwittingly reminds us of a feature film run backwards that shows with crystal clarity the mistakes made in the various good and bad parts, very easily indicating "what would have happened if...!"

This is the first study of pluralistic elections in our country. It will be followed by several other studies that will deal specifically with the various aspects of the problem. However, this will be the only one dealing with the psychosociological aspect of the population's mood. The visual presentation of the situation during and immediately after the elections is further helped by an added political map of Macedonia. It shows clearly the existence of an "organic" link among communities and parts of communities on which various parties focused their electoral campaigns. Thus, it is a fact that the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] convincingly won among the urban population. Theoreticians interpret this as proof that urban residents were more receptive to new developments. According to such electoral geometry, the SDSM [Social Democratic Union of Macedonia] (previously known as the SKM-PDP [League of Communists of Macedonia-Party of Democratic Transformation]) won in Resen; the northern part of Bitola; the northern part of Prilep; Demir Khisar; Krushevo; Makedonski Brod; and the western part of Titov Veles. Nonetheless, the VMRO-DPMNE was successful in the eastern part of Titov Veles, plus in Gazi Baba and the entire Skopje area. More than one-quarter of Macedonian territory was the target of SDSM activities. That party won in 11 municipalities in which it offered a single candidate. This applied precisely to areas where, according to what we already said, the people are more mistrustful and find it more difficult to accept new developments.

### Concentrated Political Promotion

According to Verigich, wherever there is an electoral struggle, there are three elements involved: program, party, and personality. In some cases, the most important are the personalities of the candidates; elsewhere, the programs are the most important. In our elections, however, this was not important, as Lyubisav Ivanov's case proves. Even if he had campaigned without help, he would definitely have won because his rating in Kratovo and elsewhere was well known. Conversely, in the case of the VMRO-DPMNE, personality played no role whatsoever. No one cared about age or good reputation, and it so happened that a minor was elected as was a former felon.... Therefore, it was the national option that won in Macedonia. The same can be confirmed by the case of the PDP [Party for Democratic Prosperity] because there has always been an affiliation between the PDP, the NDP [National Democratic Party], and the Albanian voters.

The study confirmed the reason, given our circumstances, it was known that the most important feature of the majority electoral system chosen was the choice of

electoral units! It was a question of the so-called oasis system, in which the entire skill consists of nominating candidates in areas where the likelihood of their victory is highest because of which political campaigning has been concentrated in those areas. The reason was that there was no alternative: either victory or a number of votes, regardless of their amount or the level of discontent, would be lost. This was best understood by the Albanian national parties, which used the system. They nominated candidates for areas where they actually won, with the exception of three electoral districts in Tetovo. In these districts, the Macedonian population was predominant. However, it was believed that it would be more divided, which is why there were real expectations of victory. On the other hand, the parties that campaigned across wider areas, in as many as 120 electoral districts—the Macedonian National Party, for instance—lost. Therefore, Faik Abdi acted very wisely by exclusively "processing" his own electoral unit in Shuto Orizari. Errors were made by both the Workers Party and MAAK. The wrong method they chose for their electoral campaign resulted in their not having a single representative in parliament.

However, the only reason for this situation is that some people, either because of their knowledge or their intuition, found the majority system suitable. The type of breakdown of seats to be won had a proportional electoral system been chosen is the next question discussed in the survey, something that adds a new dimension to the elections. According to Verigich, MAAK, the Workers Party, and the National Party would certainly have elected their representatives in the Assembly and would have had the opportunity to form coalitions. As to the majority party in parliament, the VMRO-DPMNE, under a proportional system, its 38 seats would have been reduced to 29 because of the asymmetry between the number of allotted seats and ballots.

### There Is No Perfect Electoral Geometry

The right choice of party strategy is very important in selecting the electoral model. A classical example of faulty strategy is the electoral district in Tsentar, where MAAK tried to have a confrontation with a candidate of the Socialist Party. However, there were also paradoxes. In Strumitsa, for example, which was considered the promised land of the Democratic Union-Agricultural Party, there was a major rebellion because of the many unresolved problems facing the farmers. No one other than a member of the SDSM could be elected, and, where a victory for the VMRO was expected, it was a member of the Party of Yugoslavs who won. Even the leader of the VMRO-DPMNE, who was relying on a secure victory, lost as a result of the coalition, although the coalition helped him achieve victory throughout Macedonia.

If it is a question of electoral geometry, the sizes of the municipalities play a major role. Electoral districts were based on the 1981 census. However, radical changes in population density have taken place over the past 10

years, such as, for example, in the populations of Jane Sandanski, Debar, and other places. Nonetheless, according to the authors, the legislators should not be criticized for deliberately "gerrymandering" electoral districts and thus depriving some people of their rights while protecting others because this was not something the legislators could change on their own initiative and without support. The new electoral law for the next elections will most likely take into consideration the natural growth of the population, even though the fact is that, although there have been discussions about electoral districts, so far no one has been able to make them ideal.

Finally, it is the personal view of the authors of this study that the next elections should also be based on the majority system, to which the people must agree. A proportional system would result in the further breakup of the present parties and would certainly result in the appearance of new ones. This would even further increase the variety in the structure of the parliament, making its work more difficult and making it necessary for coalitions to be formed. As to the past elections, the difference would not have been substantial, even if the proportional electoral system had been applied. The authors of the study stipulate that we shall not have a ruling party a second time, and, for the sake of avoiding speculation, we should be made aware of the scientific conclusion that the number of Albanian deputies would have had only a minor correction.

#### Macedonian Companies With Foreign Capital

92BA0594A Skopje NOVA MAKEDONIJA  
in Macedonian 21 Feb 92 p 3

[Report by B. Tsrvenskova: "Macedonian Companies With Foreign Capital"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Instead of acting as independent juridical persons, the branches of enterprises from other republics will be converted into joint enterprises in accordance with the Law on Foreign Investments, thus becoming part of the Macedonian economy.

The government of the Republic of Macedonia recently issued a new regulation on the status of branches of enterprises from other republics functioning in Macedonia, according to which they will become Macedonian companies with foreign capital.

We know that last fall, when Slovenia, followed by Croatia, proclaimed its fiscal independence, the problem arose of how to treat branches and stores of Slovene and Croat enterprises in Macedonia. Payments and procurements of goods were interrupted, and their status had to be determined. As requested by the Ministry of the Economy, the government hastily passed a regulation known as "Regulation on the Transformation of Branches of Enterprises From Other Republics," according to which the latter became independent juridical persons in the Republic of Macedonia. In practical

terms, this meant, at least as seen by the legal experts, a kind of confiscation. The conversion was made by most of the branches that began to operate as independent enterprises.

The problem became relevant once again recently, when the Republic's fiscal independence became an increasingly topical matter. The Serbian government warned that, to the extent to which Macedonia would do this with the branches of Serbian enterprises in Macedonia, Serbia would similarly confiscate branches of Macedonian enterprises in Serbia. Once again, the Republic's legal experts pointed out that this regulation was wrong from the legal viewpoint and suggested that a new regulation be drafted.

The new regulation, based on the independent status of the Republic and applicable to all branches and parts of enterprises of all former Yugoslav republics, calls for their conversion to Macedonian companies with foreign capital, in accordance with the Law on Foreign Investments. In practical terms, this means that the Jugoplastika store in Split, for instance, will be registered as a Macedonian enterprise and also as a branch of the Split enterprise because it works with Croatian capital, but will function under Macedonian laws, which will consider it a joint enterprise. This treatment is entirely logical and consistent with the independence of the Republic because anything outside of the borders of Macedonia is considered a foreign country. On this basis, such enterprises will become part of the Macedonian economy and will open accounts in the Macedonian Social Accountability Service, with which they will register the nature of their trade, and the tax they will pay will remain in the Republic, unlike the previous situation, according to which the funds were transferred to the mother countries without any tax having been paid. We have learned that this situation will soon be changed with a Republic law, the drafting of which has already been undertaken.

#### Statistics on Ethnic Groups in Macedonia Compared

92BA0595A Skopje NOVA MAKEDONIJA  
in Macedonian 21 Feb 92 p 4

[Article by S.Sh.: "Statistical Psychological 'Warfare'"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Ignoring the official truths, various foreign services are promoting incredible "statistical indicators." There are 707 Greeks and 1,980 Bulgarians living in Macedonia.

A psychological statistical "media war" is being waged from all sides against the Republic of Macedonia. A variety of fabrications are being launched, which, in more peaceful times, would be laughable but which now sound threatening. According to such fabricated nationalistic "statistics," there are 1.3 million Bulgarians, approximately 1 million Albanians, 400,000 Serbs, 300,000 Greeks, 200,000 Wallachians, more than

100,000 Gypsies and Turks, and so forth living in Macedonia. The only thing Macedonia does not have is Macedonians. Such "statistics" are being sent by various services in neighboring countries, including those of former Yugoslavia, to foreign news agencies.

That is why it would be worthwhile, once again, to refer to the official statistical data of the Republic's Statistical Institute for December 1991, issued in November. According to the census, which was taken in April 1991, the total population on the territory of the Republic of Macedonia on 31 March was 2,033,964, broken down as follows: Macedonians, 1,314,283, or 64.62 percent; Albanians, 427,313, or 21.01 percent (estimate); Turks, 97,416, or 4.79 percent; Gypsies, 55,575, or 2.73 percent; Serbs, 44,159, or 2.17 percent (half of them live in Skopje, where the concentration of officers is the highest); and Wallachians, 8,129, or 0.40 percent. Data for another 87,089 citizens, or 4.28 percent of the population, are still being processed by the computers. This involves a close identification of 18 other ethnic groups that officially reside in the territory of the former Yugoslavia, including ethnic groups whose number in Macedonia does not exceed a double-digit figure.

However, to be evenhanded with all neighbors, let us provide possible indicators for Greeks and Bulgarians living in Macedonia. According to the censuses of 1953, 1961, 1971, and of 10 years ago, 1981, the number of Greeks, according to the first census, was 848, followed by 836, 536 and 707, respectively (more than one-half of

them live in Skopje, followed by Tetovo and Gostivar). Therefore, in no case could there be 300,000 (or more than 400 times more) Greeks in Macedonia, which is the number stressed by official sources in Athens! There were 920 Bulgarians, then 3,087, 3,334, and, finally, 1,980. The number of Wallachians was 8,668, 8,046, 7,190, and 6,384; last year it was 8,129, or 0.40 percent.

The number of ethnic groups is also a topic of interest to many people because 24 ethnic groups is a rather high number. However, statistical interpretations can be quite arbitrary. Here is an example: After the pogrom of 11 March 1943 against the Jews, only some 30 Jews remained in Macedonia; during the 1953 census, a total of 55 persons called themselves Jews, followed by 47, 32, and, 10 years ago, 27. The number of Austrians was 24, followed by 12, nine, and, 10 years ago, 30. Yugoslavs were included for the first time in 1961: There were 1,260, followed by 3,652 and, in 1981, 14,225. These are classified in the group of undetermined ethnicity, added to other people of undetermined origin in terms of regional affiliation, whose number in 1981 was 943. There were 3,828 citizens of "unknown" origin.

All of the censuses conducted in our country were based on Federal and Republic laws that called for severe penalties for census takers who prevented any citizen from proclaiming his affiliation with any of the 24 ethnic groups, or, if he desired, proclaimed himself a member of "other ethnic groups" or was classified in the last column under "other."

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